

**UNITED STATES TARIFF COMMISSION**

**BEEF AND BEEF PRODUCTS**

**Report on Investigation No. 332-44 Under Section 332  
of the Tariff Act of 1930 Pursuant to a Resolution  
of the Committee on Finance of the United  
States Senate Adopted November 20, 1963**



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# C O N T E N T S

	<u>Page</u>
Introduction-----	1
U.S. producers of beef and beef products-----	4
Cattle growers-----	7
The range area-----	11
The Corn Belt-----	11
Other areas-----	12
Feeders-----	12
The Corn Belt-----	15
Other areas-----	16
Slaughterers-----	17
Processors-----	20
U.S. consumption-----	22
Factors affecting consumption-----	23
Role of imports-----	26
Table beef and veal-----	28
Hamburger-----	31
Other beef products-----	32
U.S. production of cattle, beef, and beef products-----	34
Cattle production-----	34
Cattle feeding-----	38
Beef and beef products-----	39
Channels and methods of distribution of beef and beef products-----	45
Table beef-----	45
Processed meat products-----	48
U.S. exports of cattle and derivative products-----	50
Cattle-----	50
Packinghouse products-----	51
Beef and beef products-----	52
Foreign production and trade-----	55
The European Economic Community-----	59
Production-----	59
Foreign trade-----	63
The United Kingdom-----	65
Production-----	65
Imports-----	67
Republic of Ireland-----	68
Production-----	69
Exports-----	71

(TC29237)

## CONTENTS

	<u>Page</u>
Foreign production and trade--Continued:	
Australia and New Zealand-----	72
Australia-----	72
Production-----	72
Exports-----	77
New Zealand-----	78
Production-----	78
Exports-----	80
Argentina and Uruguay-----	81
Argentina-----	81
Production-----	81
Exports-----	84
Uruguay-----	85
Production-----	85
Exports-----	86
Canada and Mexico-----	87
Canada-----	87
Production-----	87
Foreign trade-----	90
Mexico-----	90
Production-----	90
Exports-----	92
Central America-----	94
U.S. imports of cattle, beef, and beef products-----	96
Cattle-----	96
Beef and beef products-----	99
Prices received by domestic producers-----	108
Cattle-----	108
Choice slaughter and feeder steers-----	112
Gutter and Canner cows-----	114
Average prices received by farmers-----	117
Beef-----	118
Income received by U.S. cattle producers-----	120
U.S. customs treatment and other import restrictions-----	126
U.S. customs treatment-----	126
Other import restrictions-----	129
Appendix A. Descriptions of processed beef products by Meat Inspection Division Code-----	132
Appendix B. Statistical tables-----	136
Appendix C. Tax treatment of breeder livestock-----	169

## FIGURES

	<u>Page</u>
1. Retail cuts of beef-----	8
2. Estimated U.S. production of feeder calves, by regions, 1963-----	10
3. Movement of stocker and feeder cattle to major U.S. markets and feeding areas-----	13
4. Cattle and calves on feed in the United States, by regions, January 1, 1964-----	15
5. Cattle and calves on U.S. farms, January 1 of 1920-64-----	35
6. Distribution of beef cattle in Australia, 1961-----	74
7. Prices of selected classes of cattle, annual 1950-63, and January-May 1964-----	110
8. U.S. supply of meat and poultry, 1950-63-----	111
9. Location of selected cattle-producing enterprises, by type-----	123
10. Net farm income of "typical" intermountain cattle ranch and "typical" hog-beef-fattening farm, 1947-63-----	124
11. Areas of the world presently (1964) declared by the U.S. Secretary of Agriculture to be infected with either rinderpest or foot-and-mouth diseases, or both-----	130

## TABLES

1. Total and per capita U.S. civilian consumption of specified meats, averages 1950-52 and 1953-57, annual 1953-63-----	137
2. U.S. imports for consumption of beef and veal, 1954-63-----	138
3. Data relating to U.S. production of cattle, calves, beef, and veal, averages 1950-52 and 1953-57, annual 1953-63---	139
4. U.S. production of selected beef products under Federal inspection, carcass equivalent, 1953-63-----	140
5. U.S. exports of domestic cattle, by types, 1958-63-----	141
6. U.S. exports of beef, beef products, and selected packing- house products derived from cattle and calves, 1958-63---	142
7. Production of beef and veal, by selected countries, 1958-63-	143
8. Exports of fresh, chilled, or frozen bone-in and boneless beef and veal, from principal exporting countries, by destinations, 1958-63-----	144
9. Number of cattle on farms in specified countries and areas, 1958-64-----	145
10. U.S. imports for consumption of cattle, by classes, 1954-63-----	146
11. U.S. imports for consumption of cattle (except certified breeding animals), by classes and principal sources, 1958-63-----	147

## TABLES--Continued

	<u>Page</u>
12. U.S. imports for consumption of boneless beef, fresh, chilled, or frozen, by principal sources, 1956 and 1958-63-----	148
13. U.S. imports for consumption of boneless beef, fresh, chilled, or frozen, by areas and customs districts, specified years 1958 to 1963-----	149
14. U.S. imports for consumption of boneless beef, fresh, chilled, or frozen, by months, 1960-63 and January-April 1964-----	150
15. U.S. imports for consumption of beef, bone-in, fresh, chilled, or frozen, by principal sources, 1956 and 1958-63-----	151
16. U.S. imports for consumption of beef, bone-in, fresh, chilled, or frozen, by areas and customs districts, specified years 1958 to 1963-----	152
17. U.S. imports for consumption of veal, fresh, chilled, or frozen, by principal sources, 1956 and 1958-63-----	153
18. U.S. imports for consumption of veal, fresh, chilled, or frozen, by areas and customs districts, specified years 1958 to 1963-----	154
19. U.S. imports for consumption of canned beef, by principal sources, 1956 and 1958-63-----	155
20. U.S. imports for consumption of beef and veal, pickled or cured, by principal sources, 1956 and 1958-63-----	156
21. U.S. imports for consumption of beef and veal, prepared or preserved, by principal sources, 1956 and 1958-63--	157
22. U.S. imports for consumption of canned beef, by areas and customs districts, specified years 1958 to 1963---	158
23. Prices of selected classes of cattle at Chicago and Kansas City, annual 1950-63, and by months January 1962-May 1964-----	159
24. Prices received by farmers, parity prices, and parity ratios for beef cattle and calves, and parity ratios for all farm products, 1950-63-----	160
25. Prices for Choice steer beef and Choice fed steers at Chicago, and selected price indexes, 1950-63-----	161
26. U.S. farm income from cattle and calves and from all farm operations, 1950-63-----	162
27. Receipts, expenses, and income of "typical" cattle-producing farms and ranches in the United States, 1947-63-----	163
28. U.S. rates of duty in the Tariff Schedules of the United States (TSUS) for cattle, beef, and beef products, effective Aug. 31, 1963-----	165
29. U.S. rates of duty under the Tariff Act of 1930 for cattle, beef, and beef products, June 18, 1930-Aug. 30, 1963-----	166

## INTRODUCTION

The United States has long been the world's leading producer of beef and beef products, and imports have traditionally supplied only a small part of its domestic consumption. Since 1957, however, there has been a sharp rise in the imports, particularly of so-called manufacturing beef. By 1963, imports supplied about 9 percent of the total quantity of beef consumed in the United States.

Despite the steadily rising U.S. demand for beef and beef products, the raising of beef animals for slaughter has become an uncertain and financially hazardous business in recent years. After many cattle-feeding operators experienced losses (or at best low profits) during the winter of 1962-63, the persistence of low prices for cattle during the spring and summer of 1963 caused widespread apprehension on the part of domestic cattlemen.

In many quarters the view prevailed that the sharp rise in imports was largely--some thought wholly--responsible for the depressed prices and cattlemen turned to the government for assistance. A number of bills proposing to restrict imports of cattle and beef were introduced in the Congress; representations were made to the White House, the Department of Agriculture, the Tariff Commission, and virtually every other agency of the

government which could conceivably act to alleviate the distress of the cattlemen. In addition, some producers took steps on their own. For example, in October 1963, representatives of the American National Cattlemen's Association visited Australia and New Zealand, the principal sources of the complained-of imports, in order to learn at firsthand the conditions of production in those countries and the probable intensity of any future competition.

It was in this climate of growing concern that the Committee on Finance of the U.S. Senate adopted the following resolution on November 20, 1963:

Be it resolved by the Committee on Finance, that the United States Tariff Commission is hereby directed, pursuant to Section 332 of the Tariff Act of 1930, to make an investigation of the conditions of competition in the United States between beef and beef products produced in the United States and in foreign countries, and to report to the Senate Finance Committee the results of the investigation not later than June 30, 1964.

The report of the Commission shall set forth a summary of the facts obtained in the investigation, including a description of the domestic industry, domestic production, foreign production, imports, including sources of foreign supply, consumption, channels and methods of distribution, price, United States exports, United States customs treatment since 1930, and other factors affecting the competition between domestic and imported beef and beef products. In the course of its investigation the Commission shall hold hearings, giving adequate opportunity to interested parties to appear and be heard.

Public notice of the institution of the Commission's investigation (No. 332-44) and of the hearing to be held in connection therewith was issued on November 26, 1963. The notice was posted at the office of the Commission in Washington, D.C.,

and at its office in New York City, and was published in the Federal Register (28 F.R. 12845) and in the November 28, 1963, issue of Treasury Decisions. A public hearing was held April 28-30 and May 1, 5, and 6, 1964; interested parties were afforded opportunity to produce evidence and to be heard. In addition to information obtained at the hearing, data were obtained from the Commission's files, from fieldwork, from responses to questionnaires, and from other Government agencies.

Included in this report are data relating to the production, importation, and distribution of the following: (1) Beef, the meat of mature animals commonly called cattle; (2) veal, the meat of immature cattle commonly called calves; 1/ (3) beef products consisting of food products in whole, or in significant part, of beef or veal, the meat having undergone processing such as grinding, pickling, canning, and cooking; and (4) cattle and calves used primarily for the production of beef and veal. Data for dairy cattle are included insofar as such animals contribute to the supply of the various grades or types of beef and veal. Such data and other information included in this report provide a factual basis for appraising the causes and effects of the factors of major influence on the financial experience of those engaged in the production and distribution of beef and beef products in the United States.

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1/ As used in this report the term "veal" includes calf meat. In the trade, however, "veal" generally refers to the meat of calves not over 3 months old, while "calf meat" refers to the meat of calves over 3 months but not over 12 months old.

U.S. PRODUCERS OF BEEF AND BEEF PRODUCTS <sup>1/</sup>

The production of beef and beef products involves a series of operations that span a period of 2-1/2 years or more, beginning at the time the cow is bred. The production period for veal is less than 2 years. The basic operations required comprise four broad categories: (1) Production of calves; (2) raising the calves to slaughter weight; (3) conversion of the animals to carcass beef; and (4) processing the carcasses into beef and beef products.

Some producers are involved in the operations grouped under more than one category; others specialize in only a few operations within a single category. Consequently, both the animals and the meat derived therefrom enter trade channels at various stages of the production process. The marketing of the livestock and of the beef is subject to regulation by the U.S. Department of Agriculture under the Packers and Stockyards Act, 1921, as amended, to assure fair business practices and competition.

U.S. cattle are of three types--beef, dairy, and dual-purpose. Beef cattle, which now account for about two-thirds of the domestic cattle population, are descended predominantly from three

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<sup>1/</sup> In this report the term "producers" is used broadly to include all entrepreneurs engaged in (1) producing cattle for slaughter, (2) slaughtering, or (3) preparing the meat derived from the carcass for sale to ultimate consumers.

breeds--Hereford, Angus, and Shorthorn--developed in the British Isles. In the Southern States, however, cattle resulting from crossing these breeds with Brahman cattle have become increasingly popular. Beef cattle are short legged, thick bodied, and blocky in appearance. Dairy cattle account for most of the remaining third of the cattle population; although they are kept primarily to produce milk, they contribute significantly to the total U.S. supply of beef and veal. Dairy cattle have an angular conformation and lack fleshing. The major breeds of dairy cattle in the United States are Holstein, Guernsey, Jersey, Brown Swiss, and Ayrshire. Dual-purpose cattle, such as Milking Shorthorn, are raised both to furnish milk and to provide a quality of beef better than that obtained from conventional dairy cattle. Dual-purpose cattle probably account for less than 5 percent of all U.S. cattle.

The vast majority of cattle in the United States, while not registered purebreds, 1/ are descended from purebred stock and are recognizable by breed. In some areas of the United States, however, considerable numbers of cattle are of mixed or nondescript breeds. The raising of purebred registered stock is more prevalent with dairy than with beef cattle. Farms specializing in the production of breeding stock do not regularly contribute significant quantities of beef and veal. Over the long haul, however, the use of improved breeding stock in the beef herds contributes to both the supply and quality of the meat output.

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1/ I.e., listed in the official book of registry of the appropriate breed association.

The principal classes of cattle are as follows:

Heifer--Female, usually 1-3 years old, that has not yet had a calf (kept either as a replacement breeding animal or for meat production)

Steer--Male, usually over 12 months of age, castrated prior to maturity

Cow--Mature female, usually over 3 years old, that has had a calf

Bull--Mature male, used for breeding

Stag--Male, castrated after maturity

The sex, age, and breed of the cattle and the type of feeding all affect the quality and condition of the meat ultimately derived from the animal. The Agricultural Marketing Service (AMS) of the U.S. Department of Agriculture officially grades meat carcasses upon request. The AMS also grades cattle in the process of reporting information on market prices of cattle. The objective of the grading system is to facilitate the marketing of the meat. The official grades for slaughter cattle and for beef are (in descending order of suitability for table beef <sup>1/</sup>) Prime, Choice, Good, Standard, Commercial, Utility, Cutter, and Canner. Federal grades for slaughter cattle correspond closely to the grades for the carcass. In general, Prime, Choice, and Good grades of cattle supply table beef; Utility, Cutter, and Canner grades supply "manufacturing" beef for use in processed meat products; and Standard and Commercial grades are "two-way" cattle in the sense that the beef derived therefrom is used either as

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<sup>1/</sup> The term "table beef" as used in this report refers to fresh, chilled, frozen, or thawed beef which reaches the ultimate consumer in the form of cuts.

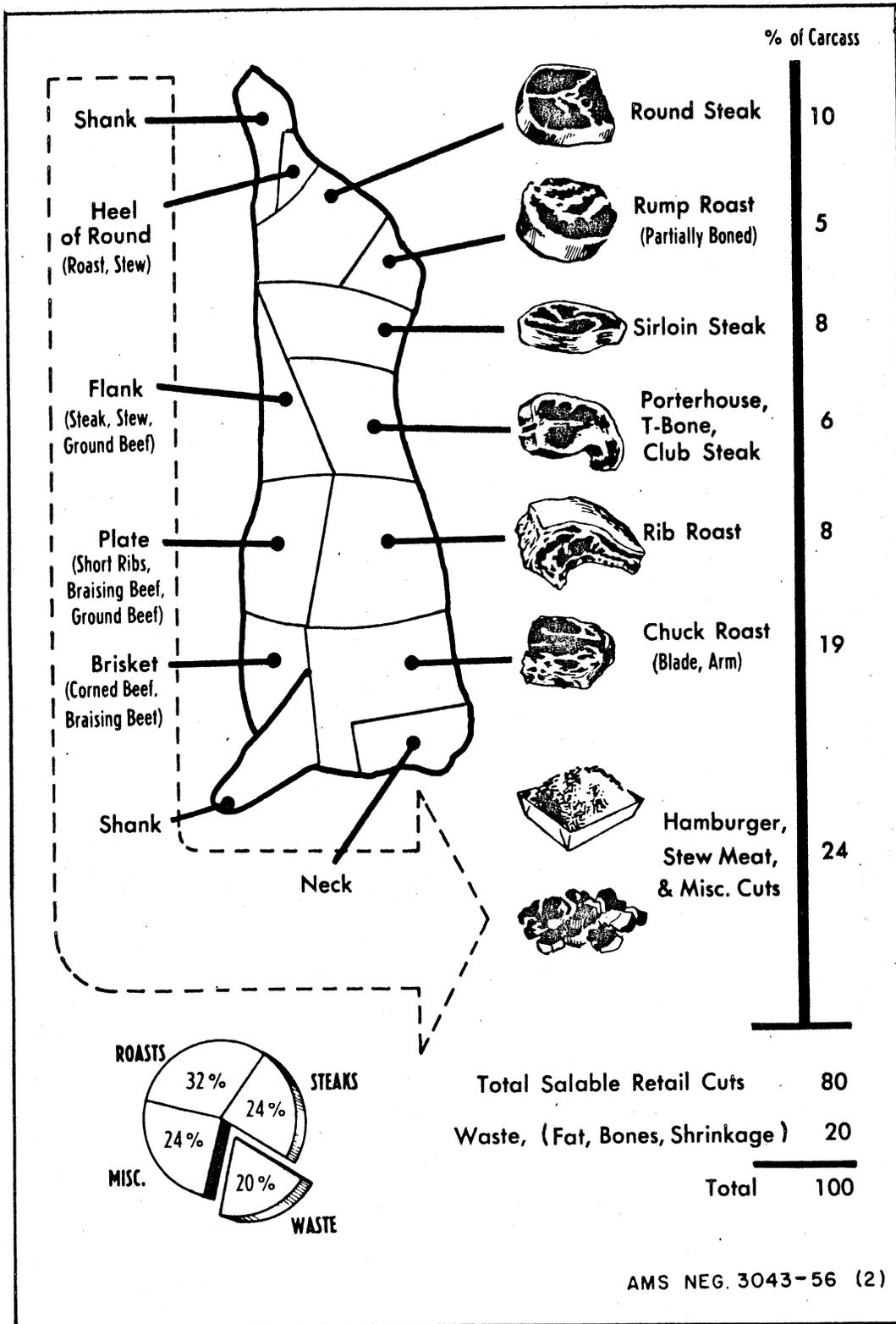
table or manufacturing beef. However, certain parts of a beef carcass, regardless of grade, generally have particular outlets. For example, necks, shanks, and plates, even those from Choice steers, are nearly always used as manufacturing beef, whereas some steaks and roasts, even those from Utility cattle, generally supply table beef (fig. 1). Also, some parts (viz, flanks and briskets), particularly of carcasses grading Good or Utility, are consumed either as table beef or manufacturing beef, depending upon market conditions.

In the United States a majority of the steers and heifers are fed intensively during the weeks or months immediately preceding slaughter in order to upgrade the quality of the meat. Beef from such steers and heifers generally grades Good or better; it is cherry red in color and well marbled, with a layer of fat covering the carcass. Cows, bulls, and stags are seldom intensively fed. The meat from such animals generally grades Commercial or lower; it is tougher and darker than steer or heifer meat and usually has very little marbling, with a thinner layer of outside fat. Veal is tender, lean, and pink in color. The calves from dairy herds are the principal source of veal.

#### Cattle growers

Cattle are produced in all 50 states. In 1959 about 2.7 million farms (including ranches), constituting 72 percent of all U.S. farms, reported sales of cattle and calves. Although there are a few large-size calf-producing operations, the many thousands

Figure 1.--Retail cuts of beef



of small- or medium-size farms and ranches in the Southern, Central, and Western States, are believed to account for the bulk of the annual calf crop. 1/ About 1.0 billion man-hours of the 8.9 billion devoted to farm work in 1963, or more than a tenth of the total, was required for the production of beef cattle. Employment on the feed grains, hay, and forage consumed by such cattle accounted for an additional 0.4 billion man-hours, or 4 percent of the aforementioned total. 2/

In a sense, the production of beef begins with the breeding of cattle. The calves are born 9 months after conception; more beef calves are born in the spring than in other seasons of the year. Although beef calves are raised in many different ways, they commonly run with their dams until they are weaned at 6 to 9 months of age, at which time they weigh from 300 to 400 pounds. The weanling calves are fed on roughage, often supplemented with grain, until they weigh 500 to 600 pounds and are about a year old. During this growing period the animals are regarded as stockers. Eventually most of them are shipped to feedlots for intensive feeding and finishing; at that time they are called feeder cattle (feeders). Some calves are retained for herd replacements and

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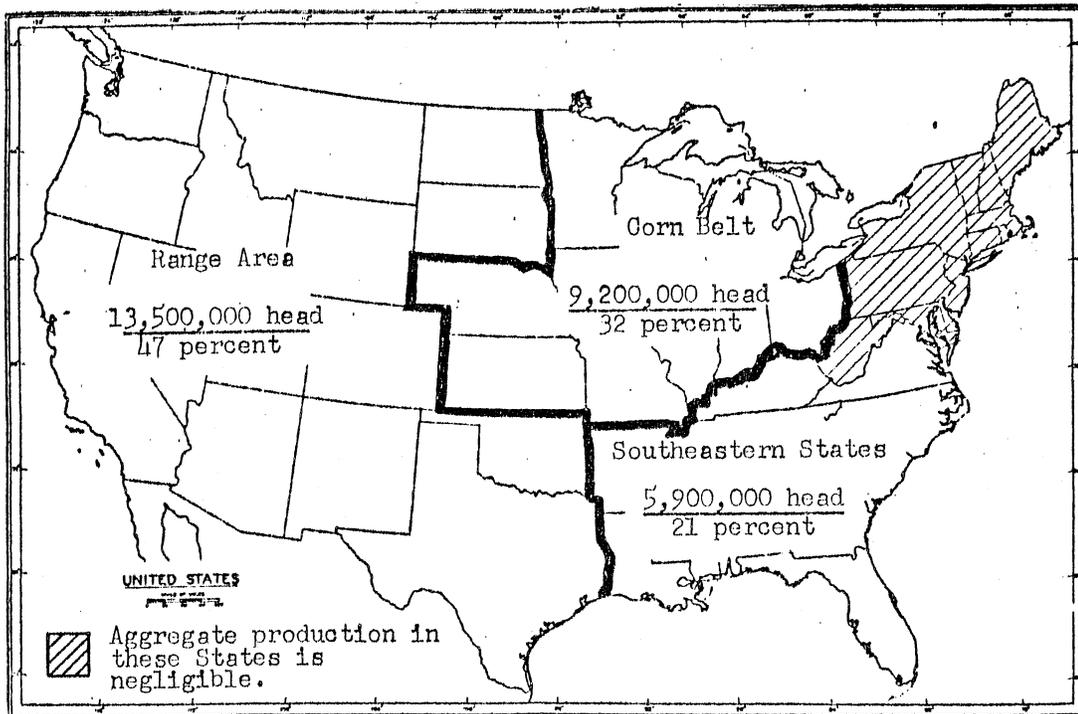
1/ A reasonable estimate of the number of farms raising cattle on a commercial scale is not feasible because most farms, whatever their specialty, keep one or more cows.

2/ From official statistics of the U.S. Department of Agriculture, Economic Research Service, Farm Production Economics Division.

some are slaughtered to provide veal; the culled cows and bulls provide manufacturing beef.

The preponderant share of the feeder calves produced in the United States come from beef herds; the remainder come from the dairy herds. The range area in the western half of the United States is the principal producing area for feeder calves (fig. 2); Texas is by far the leading State, followed by Oklahoma and South Dakota. Feeders are also produced in the Corn Belt of the Central States, principally in Nebraska, Wisconsin, Missouri, and Iowa and, to some extent, in the Southeastern States.

Figure 2.--Estimated U.S. production of feeder calves, by regions, 1963



The range area. 1/--Fifteen States have large range areas that are generally more suitable for cattle growing than for other agricultural enterprises. In 1963 these States accounted for about 47 percent of the feeder calves born in the United States. Here, beef herds including calves usually number several thousand head. Because of climate and topography, the amount of edible roughage produced per acre in the range area is limited; during the periods of severe drought the feeding capacity of this land is reduced materially. Generally 25 acres is required to support a cow-calf unit. 2/ Thus operations with sizable herds require vast ranges, and some cover as much as 100,000 acres each. In many range States, cattlemen rent federally owned lands to graze beef herds. The bulk of these lands are in the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, South Dakota, Utah, Washington, and Wyoming. In 1961 about 2 million cattle were grazed on about 350 million acres of such lands.

The Corn Belt. 3/--The 10 Central States, with extensive farm areas devoted largely to growing grain, primarily corn, accounted for about 32 percent of the total births of feeder calves in 1963. Corn Belt farmers tend to specialize in grain or in a combination

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1/ As used in this report, the range area refers to the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

2/ Less land is required per cow-calf unit in areas having higher than average annual rainfall.

3/ As used in this report, the Corn Belt area refers to the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

of grain and livestock production. Here the fertile land is relatively high priced; the farms generally cover 100 to 300 acres. The Corn Belt is more important in finishing (fattening) beef cattle than in producing calves. In this area, however, farmers also produce feeder calves, either to move to their own feedlots or to sell locally. The breeding herds are smaller in the Corn Belt than in the range area; the typical herd consists of 50 to 150 head. Because of the abundant supply of forage in the Corn Belt, fewer acres are generally required to support a cow-calf unit there than in the range-area States.

Other areas.--In recent years the Southeastern States 1/ have become increasingly important producers of feeder calves; in 1963 they accounted for about 21 percent of the calves born. The control of harmful parasites and the conversion of land from the production of row crops, particularly cotton, to grassland has stimulated cattle farming in this area.

Feeders 2/

The intensive feeding of large quantities of grain to cattle has increased over the years. In the 1960's almost two-thirds of the slaughter cattle have been fed (finished) to slaughter

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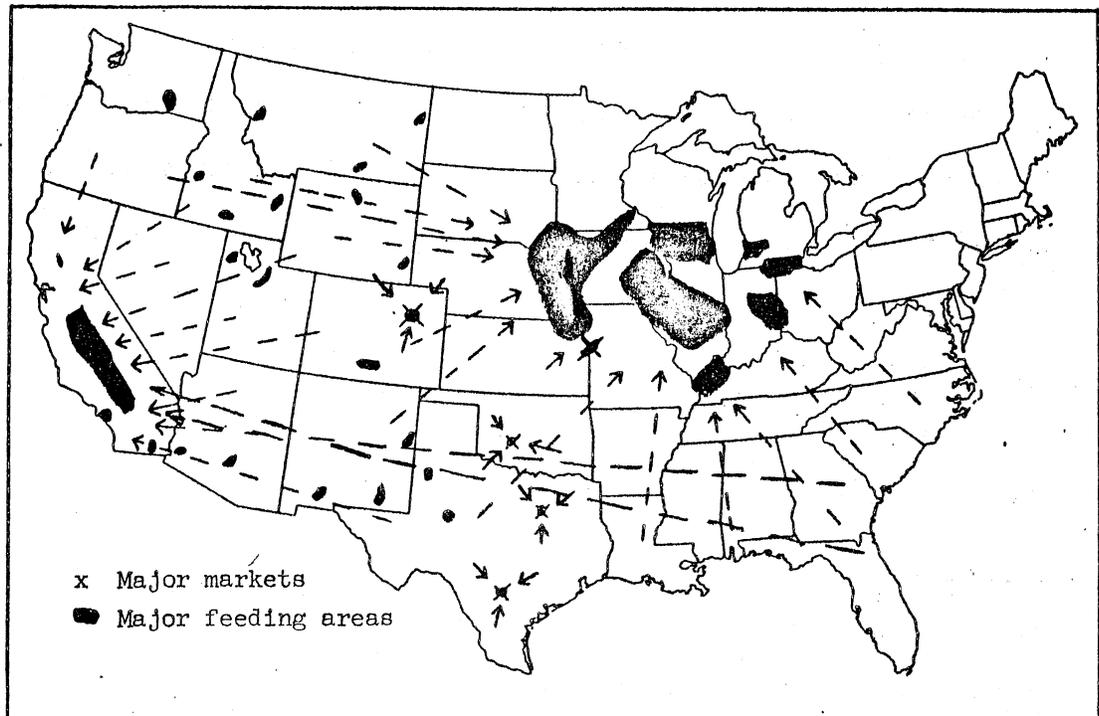
1/ As used in this report, the Southeastern States include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

2/ In this report, as in the cattle trade, the term "feeder" refers alternatively to (1) animals being fed for slaughter (as used in the preceding section of this chapter), and (2) entrepreneurs who feed (finish) cattle to slaughter weight (as used in the remainder of this chapter).

weight in feedlots; in the late 1940's only about a third were so fed. The cattle that are not intensively fed on grain are raised to slaughter weight on a diet high in roughage and are designated as grass-fed cattle.

Although the predominant movement of feeder calves in recent years has been from the western ranges to feedlots in the Corn Belt States, California, and Colorado, increasing numbers have been shipped from the Southeastern States to western feedlots (fig. 3). The cattle-feeding operations in the Western States are larger, on the average, but fewer than those in the Corn Belt.

Figure 3.--Movement of stocker and feeder cattle to major U.S. markets and feeding areas



Source: Adapted from California and United States Meat-Packing Industry, California Agricultural Experiment Station Extension Service Circular 518, University of California, 1963, p. 11.

Feedlot operators acquire most of their feeder calves either directly from the growers or through auction markets located in the growing areas. <sup>1/</sup> In recent years, the increase in the number of large feedlot enterprises has contributed to the decline in the role of the large central (terminal) livestock markets in the sales of beef cattle. When feeder cattle and calves are placed in the feedlot they generally weigh between 400 and 700 pounds. The feedlots have been receiving increasing numbers of younger, lighter weight animals. There is a tendency among feedlot operators to feed the lightweight animals on a roughage diet to increase their weight before giving them a concentrated diet. After the animal becomes adjusted to the concentrates, its daily gain averages 1.5 to 2 pounds. Presently most buyers of fed cattle prefer fed steers of about 1,000 pounds live weight and fed heifers of about 900 pounds live weight. <sup>2/</sup> The feeding period required to attain these weights may last as long as 6 months. The length of the feeding period and amount of weight added may be varied with market demands.

The Corn Belt is the predominant cattle-feeding area of the United States (fig. 4). Iowa, by far the leading cattle-feeding

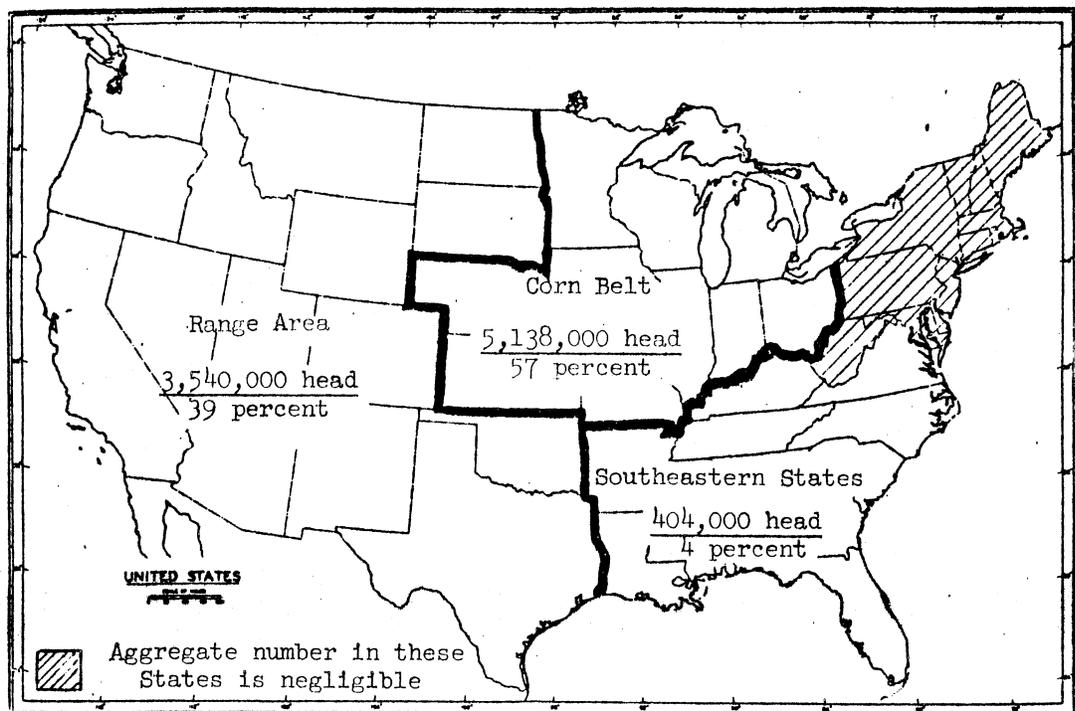
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<sup>1/</sup> Sales of livestock by the grower directly to local dealers, farmers, or packers are generally referred to as country selling. Auctions are trading centers where animals are publicly sold to the highest bidder. Terminal markets are livestock trading centers having complete facilities for receiving and feeding livestock; sales at these markets are usually negotiated.

<sup>2/</sup> Cattle of heavier weights are generally sold at discount prices, compared with the prices paid for animals of the preferred weights.

State, is followed by Nebraska and Illinois. Cattle feeding is also an important activity in many States outside the Corn Belt, principally in the range-area States of California, Colorado, South Dakota, and Arizona, and in the Southeastern States.

Figure 4.--Cattle and calves on feed in the United States, by regions, January 1, 1964



The Corn Belt.--On January 1, 1964, about 57 percent of the cattle on feed were in the Corn Belt. Here, the typical cattle feeder feeds less than 200 head of cattle, the bulk of which are brought in from other areas (fig. 3). Cattle are ordinarily kept in lots of less than an acre each. Cattle provide an economical outlet for marketing the grain and roughage produced on the farms and for utilizing farm labor on a year-round basis.

Other areas.--On January 1, 1964, about 39 percent of the cattle on feed were in the range-area States. Typical cattle-feeding operations in these States are quite large. It is not uncommon to find 10,000 head of stock being fed in a single operation; a few feedlots have a capacity of 30,000 head or more. The large feedlots are highly mechanized and require substantial capital investment for equipment. These feedlots usually maintain mills for grinding and mixing the rations formulated by nutritionists. The feed is usually mechanically handled and often involves the use of large trucks.

Feedlot operators in the range-area States purchase virtually all of their feed supplies, principally from the local area. Many do not own the cattle in their feedlots. The operators of these so-called custom feedlots obtain their income by providing feeds, services, and facilities to cattle owners. The extent of their operations, therefore, is largely influenced by the profits or losses of the cattle owners. However, some feeders that ordinarily specialize in custom operations occasionally buy feeder calves for their own account.

In recent years an increasing number of cattle have been finished in the Southeastern States. Improvements in disease control, an increase in the local supply of feeds, and a rise in consumer demand for beef have stimulated this growth of feeding operations. On January 1, 1964, 4 percent of the cattle on feed in the United States were in the Southeastern States. Georgia

and Florida are the leading producing States in this area. A typical cattle-fattening operation in the Southeastern States has a capacity of 1,000 head of stock. The feedlot operators generally own the cattle, custom feeding being negligible. Many feedlots, particularly those in the Deep South, fatten locally produced cattle, including many Brahman crossbreds. Because of their resistance to heat and insects, the bulk of the Brahman calves produced in this area, however, are moved to feedlots in Oklahoma, Texas, New Mexico, and southern California.

#### Slaughterers

As the term is used in this report, "slaughtering" embraces all the operations from the time the live animal leaves the holding pen of the slaughter plant until the dressed sides of beef are placed in the cooler. <sup>1/</sup> The two sides of beef together constitute about 55 percent of the live weight of the animal. The remaining 45 percent is made up of viscera, hide, blood, and inedible portions such as the head and the distal portions of the legs. Virtually all these byproducts are marketed.

In the trade the firms--especially the larger ones--that slaughter livestock are generally considered to be meatpackers; many of them also process carcasses and manufacture sausage and other processed meat products. <sup>2/</sup> Firms that do no slaughtering

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<sup>1/</sup> A side of beef constitutes half of the carcass split along the spinal column.

<sup>2/</sup> Processing is described on p. 20.

but engage only in processing are considered meat processors. Packing and processing plants engaged in interstate commerce must, by law, be inspected by the Meat Inspection Division (MID) of the U.S. Department of Agriculture. <sup>1/</sup> Included in this inspection are (1) general inspection of the plant for sanitation, (2) inspection of the animals prior to slaughter, and (3) examination of the carcass and viscera immediately after slaughter. Animals or parts suspected or known to be diseased are removed from the processing line. In addition, the MID enforces laws and regulations designed to protect the consumer from unfair practices in the labeling of processed meat products. The bulk of the cattle slaughtering in the United States occurs in plants inspected by the MID. In 1962 several thousand plants slaughtered livestock; the 552 operated under Federal inspection, however, accounted for about 76 percent of the cattle slaughter and 63 percent of the calf slaughter.

Although slaughtering occurs in virtually every State, the greatest concentration of cattle slaughter is in the principal feedlot areas, while the greatest concentration of calf slaughter occurs in the leading dairy areas. The following five States (named in order of the number of cattle slaughtered) accounted for nearly 41 percent of the U.S. commercial cattle slaughter <sup>2/</sup>

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<sup>1/</sup> The establishments primarily engaged in retail trade may obtain a certificate of exemption relieving the plant of some of the formalities of inspection.

<sup>2/</sup> Excluding farm slaughter, which annually accounts for less than 3 percent of the total cattle slaughter and less than 5 percent of the total calf slaughter.

in 1962: Iowa, California, Nebraska, Texas, and Minnesota. Illinois, Ohio, Colorado, Missouri, and Kansas combined accounted for an additional 22 percent. The New England States, New York, Wisconsin, Texas, and Iowa combined accounted for nearly 50 percent of the calf slaughter in 1962; Michigan, New Jersey, and California accounted for 15 percent.

The decentralization of the country's major slaughtering facilities, which has occurred over a period of several decades, has been increasingly pronounced since 1950. Motor trucks and a growing network of roads have made it possible to locate slaughtering plants close to the cattle-feeding areas, and thus to effect savings in transportation costs and in weight loss. After 1950 the decentralization of meatpacking facilities gained momentum from the expansion of feedlot operations in many areas of the country, the movement and growth of the population, and various technological developments. With such decentralization, the volume of the slaughter accounted for by the four largest firms--Swift, Armour, Wilson, and Cudahy--declined both absolutely and relatively. In 1947 they accounted for about 38 percent of total cattle slaughter and about 40 percent of calf slaughter. In 1962 the corresponding percentages for the 10 largest national packers, including those identified above, were 34 percent and 37 percent, respectively. In the period 1947-62 the number of small local (independent) slaughtering plants increased considerably, particularly in Western and Southern States. Many of the plants

specialize in the slaughter of particular kinds of livestock. As more slaughtering plants were established, more outlets became available to livestock producers.

### Processors

Processing, by which beef and veal are prepared for sale to the ultimate consumer, includes quartering the chilled side of beef, cutting the quarters into primal cuts (ribs, chucks, loins, rounds, plates, and flanks), boning, and preparing various meat products and specialties. <sup>1/</sup> The extent of the processing depends in large measure on the quality of the beef carcass. As indicated earlier, the bulk of the beef from fed steers and heifers and small amounts of beef from cows, bulls, and stags reach ultimate consumers as fresh table (or block) beef in the form of roasts, steaks, or other retail cuts. The great bulk of the meat from cows, bulls, and stags, and the trimmings obtained from preparing table cuts of fed beef are generally consumed as manufacturing beef in the form of processed meat products such as hamburger, sausage, frankfurters, and meat specialties.

Processors are of two types: (1) Those that process at the retail level and (2) those that process for the manufacturing,

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<sup>1/</sup> The term "specialties" refers to prepared foods containing beef or veal, such as canned stew, canned chili, canned or frozen soups, luncheon meats, and sausages. Many specialties include meat other than beef, as well as grains, dairy products, spices, vegetables, and preservatives. Appendix A contains a detailed list of the major processed beef products.

wholesale, and institutional trades. <sup>1/</sup> Processors at the retail level--consisting mostly of chain stores and independent supermarkets--purchase, for conversion into table beef, the bulk of the carcasses sold by meatpackers. The importance of the independent butcher shops has long been declining. Retailers prepare perishable products such as fresh roasts, steaks, and other table cuts, and fresh sausages and hamburger.

Many processing plants classified as type 2 above are located near livestock-producing areas. It is generally cheaper to slaughter livestock in the producing areas and transport beef carcasses or beef products to the consumer centers than to transport livestock to such locations. Boning of manufacturing-type carcasses and the manufacture of such products as canned, dried, or frozen beef and beef products are generally carried out in areas close to the source of supply, whereas more perishable products, such as table cuts of fresh beef and veal and sausages, are processed at or close to consuming centers. The large meatpackers usually distribute their products over wide areas; other packers and the processors generally have a more limited market.

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<sup>1/</sup> The term "institutional trade" as used in this report, refers to restaurants, hotels, and the group-feeding facilities of schools, hospitals, factories, and the like.

## U.S. CONSUMPTION

The U.S. annual consumption of beef has risen sharply since 1952. By 1953, beef had replaced pork as the primary meat consumed in the United States and it has since maintained primacy over pork in the national diet (table 1, appendix B). In terms of carcass weight, the annual civilian consumption of beef averaged 9.2 billion pounds during 1950-52 and 13.3 billion pounds during 1953-57; it amounted to 16.3 billion pounds in 1962 and 17.6 billion pounds in 1963. <sup>1/</sup> From 1950-52 to 1953-57 the annual civilian consumption of beef increased by 45 percent; by 1963 it was 33 percent above the average annual level in 1953-57.

On a per capita basis, the U.S. annual consumption of beef rose from an average of 60.6 pounds in the period 1950-52 to 81.9 pounds in 1953-57 and to 94.6 pounds in 1963. The annual per capita consumption rose 21.3 pounds, or by 35 percent, from 1950-52 to 1953-57, and it rose 12.7 pounds, or by 16 percent, from 1953-57 to 1963.

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<sup>1/</sup> Unless otherwise stated, quantities are expressed in this report in terms of carcass weight. The consumption data include beef (and veal) in all forms; i.e., whether consumed as table meat or as meat products. Consumption by the U.S. military forces has been omitted; it averaged about 290 million pounds annually in 1947-49, amounted to nearly 750 million pounds in 1951, and ranged between 340 million and 400 million pounds annually in 1955-63.

In the United States, the consumption of veal has always been markedly smaller than the consumption of beef. During the 5-year period 1953-57, the annual civilian consumption of veal ranged from 1.5 billion to 1.6 billion pounds (table 1). During the 6-year period 1958-63, such consumption averaged only 1.0 billion pounds. On a per capita basis, annual consumption of veal averaged 9.4 pounds in the 1953-57 period and 5.8 pounds in 1958-63. In 1963 the average per capita consumption was only 4.9 pounds.

#### Factors affecting consumption

The rise in the annual per capita consumption of beef indicates that factors in addition to the steady increase in the population have contributed in large measure to the marked increase in total beef consumption in recent years. Among such factors were increases in consumers' incomes that permitted a rise in meat consumption. <sup>1/</sup> As indicated below, changes in food habits and food tastes resulting from cultural and technological developments also contributed to the rise in total consumption of beef.

The mode of living in the United States has greatly altered since the end of World War II. Of special significance to the meat industries has been the increased urbanization, the decline

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<sup>1/</sup> Aggregate disposable personal incomes in the United States, in terms of constant dollars, increased by 48 percent from 1950 to 1962; on a per capita basis, such incomes rose by about 21 percent in the same period. The corresponding percentages for the rise in beef consumption were 71 and 41, respectively.

in the time allocated to food preparation in the home, the increased frequency of "eating out," and improvements in refrigeration and cooking appliances for use in homes, restaurants, hotels, and other institutional outlets. By 1959 the babies of the postwar population explosion were becoming relatively heavy eaters. All these developments stimulated the consumption of beef and beef products. U.S. consumers have demonstrated a strong preference for beef over many other meats. <sup>1/</sup> Improvements in the quality of beef and beef products and new marketing techniques--including aggressive advertising and special weekend sales of beef--have also stimulated consumer demand.

Several programs of the U.S. Department of Agriculture have contributed in some measure to the rising trend of beef consumption. Recent programs have been of two types: (1) Direct purchases for distribution to schools participating in the national school-lunch program and to needy families and (2) promotional campaigns for foods in plentiful supply. During the 1963-64 school year the Department purchased 33 million pounds of frozen ground beef. During 1963 its purchases for distribution to needy

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<sup>1/</sup> From 1953-57 to 1961-63, the increases (+) or decreases (-) in the average annual per capita consumption of the meats specified in table 1 were as follows (in pounds):

Beef-----	+8.7
Veal-----	-4.0
Pork-----	+3.8
Lamb and Mutton----	+ .6
Poultry meat-----	+9.1

families consisted of canned chopped meat made almost entirely from pork. On March 1, 1964, however, the Secretary of Agriculture initiated two beef-purchase programs for the express purpose of improving prices to producers. One of those programs provided for the purchase of substantial quantities of Choice grade beef in the form of frozen boned roast and ground beef for distribution primarily to schools; the other provided for the purchase of substantial quantities of beef of Cutter grade or higher, canned in natural juices, for distribution to needy families. <sup>1/</sup> By June 5, 1964, the Department had purchased 57 million pounds under the first program and 44 million pounds (including about 10 million pounds of Choice beef) under the second.

The U.S. Department of Agriculture conducts two promotional programs for food in plentiful supply. Each month the Department issues a list of currently plentiful foods, which food editors of newspapers and other informational outlets may choose to feature. Secondly, upon special request from a particular industry, the Department cooperates in joint efforts to move as much of the product as possible into normal consumption channels. Such a program for beef was initiated in March 1964; it has provided for the distribution of feature articles and promotional advertising to food chains, newspapers, and radio and TV stations.

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<sup>1/</sup> Since May 19, 1964, processors have been required to use Choice beef for this product.

Role of imports

Before 1958, imports supplied a negligible part of the beef and veal consumed in the United States. From 1957 to 1963, however, annual imports rose from 0.4 billion pounds to 1.7 billion pounds, carcass weight (table 2). <sup>1/</sup> The share of annual consumption of beef and veal supplied by imports in 1956-63 is shown in the following tabulation:

Year	Consumption	Imports	Ratio of imports to consumption
	<u>Billion pounds</u>	<u>Billion pounds</u>	<u>Percent</u>
1956-----	15.7	0.2	1.3
1957-----	15.7	.4	2.5
1958-----	14.9	.9	6.3
1959-----	15.2	1.1	7.2
1960-----	16.2	.8	4.8
1961-----	16.9	1.0	6.2
1962-----	17.3	1.5	8.4
1963-----	18.6	1.7	9.2

No data are available showing the quantities of domestic and imported beef and veal consumed in the various forms. The information obtained by the Commission in this investigation, however, indicates that presently between half and two-thirds of all beef consumed in the United States reaches the ultimate consumer

<sup>1/</sup> Imports of cattle and calves are not included in these data; nearly all such imports go to feedlots where they are fed to slaughter weight (see chapter on imports).

through retail and institutional outlets as fresh (table) meat in the form of cuts or individual portions. The remainder reaches the ultimate consumer as hamburger <sup>1/</sup> or other processed meat products.

The following tabulation presents the Commission's estimate of the U.S. civilian consumption of beef, by forms and by sources, in 1963 (in billions of pounds, carcass weight):

Form in which beef is consumed:	Domestic production			Net imports <sup>1/</sup>	Total
	Fed cattle	Two-way cattle	Cows and bulls		
Table cuts-----	7.0	2.6	<sup>2/</sup>	0.1	9.7
Hamburger-----	2.4	.7	0.5	.8	4.4
Other processed meat products--	.1	.4	2.3	.7	3.5
Total-----	9.5	3.7	2.8	1.6	17.6

<sup>1/</sup> As reported by the U.S. Department of Agriculture.

<sup>2/</sup> Less than 50 million pounds.

Boneless beef has accounted for the preponderant bulk of the U.S. imports of beef and veal in recent years. To determine the uses of this type of beef, the Commission sent about 300 questionnaires to firms believed to have used imported beef in 1963. Responses were received from (a) 148 processing establishments that

<sup>1/</sup> In this report, the term "hamburger" refers to all chopped beef prepared for sale as hamburger or chopped beef (see appendix A, MID item 460).

*Imp: 93.2%*

together accounted for 63 percent of the total product weight of specified products manufactured under supervision of the MID of the U.S. Department of Agriculture, 1/ (b) 11 processing establishments not operating under MID supervision, and (c) 18 food chains that grind meat for hamburger. These respondents accounted for the following shares of the total U.S. imports of fresh, chilled, or frozen boneless beef in 1963:

	<u>Percent</u>
Food chains-----	26
MID-supervised establishments-----	20
Other establishments-----	<u>1</u>
Total-----	47

Table beef and veal.--Domestic producers supply nearly all the table beef consumed in the United States. In recent years about two-thirds of the table beef consumed has consisted of beef from grain-fed steers and heifers. The remainder has consisted mostly of beef from grass-fed cattle. The ratio of consumption of grain-fed beef to that of grass-fed beef has varied widely from area to area. As feedlot operations have increased in various sections of the country, the amount of grain-fed beef has also increased, both in absolute terms and relative to the total beef supply.

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1/ The beef products for which information was requested are listed in appendix A.

The available information indicates that only a small quantity of imported beef is sold in retail outlets as fresh table beef or frozen cuts. The bulk of the beef sold at retail consists of fresh domestic grain-fed beef, primarily Choice grade. The frozen cuts of imported or domestic beef are usually found in the frozen-food departments of chain stores, rather than in the fresh meat departments. Some are distributed by firms specializing in frozen foods.

In recent years, small but increasing quantities of imported beef have gone to the institutional market. In 1963 no more than 10 percent of the imports of bone-in and boneless beef combined--i.e., less than 140 million pounds, carcass weight--are believed to have been sold as table beef, principally through institutional outlets including restaurants featuring steaks at low prices (under \$2 each). <sup>1/</sup> Such imported beef accounted for less than 2 percent of the table beef consumed in 1963. The imported beef going to the institutional trade as table beef consisted primarily of loins, ribs, filets, and briskets; meat purveyors generally tenderize and freeze them in uniform portions (portion-control cuts) for distribution to restaurants and other institutions. For cuts going to low- or moderate-price restaurants, purveyors

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<sup>1/</sup> Of the 663 million pounds of imported boneless beef (carcass weight) accounted for in the Commission's survey, only 24 million pounds (or 4 percent) reached ultimate consumers in the form of steaks or roasts.

use either domestic beef of Good or lower grades, or imported beef of comparable quality. Although price is generally the determining factor, some purveyors prefer imported beef because it is a more uniform product, while others prefer domestic beef, partly because of its flavor (the imported beef is reportedly more bland) and partly because of long-term business association with particular suppliers that market only domestic beef.

Luxury restaurants and hotels are the principal outlets for domestic fresh beef of Prime grade. As Americans have become increasingly diet conscious, particularly with respect to animal fats and their reported effects on health, the demand for Prime beef has generally declined. As a corollary, the consumer demand for leaner cuts of beef increased; this change has been reflected in the specifications established by buyers of both live animals and beef carcasses (see p. 14). Information from the trade indicates that the luxury restaurants have been using increasing quantities of domestic Choice beef.

At least four-fifths of the veal consumed in the United States reaches the ultimate consumer as table meat. The remainder is consumed in wieners, sausage, or other food specialties. Sales of ground veal are believed to be small. Domestic producers supply nearly all the veal consumed. In 1963, total imports of fresh, chilled, or frozen veal amounted to only 26 million pounds, a quantity equivalent to less than 3 percent of the U.S. consumption of veal in all forms; imports of processed veal are negligible.

Hamburger.--In 1963, hamburger probably accounted for 10 percent of all meat sold at retail. 1/ A recent survey of restaurants in all parts of the country revealed that hamburger was the leading entree for lunch, while steak was the leading entree for the evening meal. 2/ Inclusive of the hamburger eaten in the home, at drive-ins and at other eating establishments, the total annual consumption of hamburger beef has reached several billions of pounds. The Tariff Commission estimates that in 1963 the total was 4.4 billion pounds (p. 27).

Information obtained from respondents to the Commission's questionnaire indicates that hamburger is the principal outlet for imported boneless beef. Of the 663 million pounds of such beef covered by the Commission's survey, 385 million pounds (58 percent) was mixed with domestic beef for hamburger. Food chains accounted for nearly all the reported imports so used.

Notwithstanding that hamburger is the principal outlet for imported boneless beef, the bulk of the hamburger consumed in the United States is made from parts of domestic carcasses not salable as steaks or roasts. Hamburger is also made by mixing trimmings from domestic beef of Choice grade with lean grass-fed beef which the retailer purchases expressly for grinding. Some retail outlets use only domestic lean beef, while others use domestic and

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1/ The National Provisioner, Oct. 5, 1963, p. 59.

2/ Restaurant Management, June 1963, p. 26.

imported lean beef interchangeably. Their preference at a particular time is generally based on price. The amount and type of Choice trimmings mixed with lean beef to make hamburger varies with the practices of individual retailers, but overall depends principally upon the anticipated retail selling price of the product. Most retail outlets offer hamburger at more than one price.

The fat content of hamburger generally ranges from 25 to 35 percent. To obtain hamburger containing 25 percent fat, the butcher may grind together 60 pounds of imported boneless beef (fat content 10 percent) with 12 pounds of 100-percent fat trimmings from Choice steaks or roasts. For hamburger containing 30 percent fat, he may combine 40 pounds of rough Choice trimmings containing 60 percent fat with 60 pounds of imported boneless beef. In the foregoing examples, domestic boneless beef from Canner and Cutter cows may be substituted for the imported product, with adjustments being made for the slightly higher fat content of the domestic product (generally closer to 15 percent than 10 percent).

Other beef products.--The annual consumption of processed beef and veal products other than hamburger increased significantly from 1953-57 to 1963. Frankfurters, sausages, bologna, and other luncheon meats, as well as canned products (including soups) and meat specialties, all contributed to the rising total

consumption of beef and veal. Products such as TV dinners, frozen meat pies, and other frozen specialties that were not in production during the early 1950's contributed to the increase.

Beef products other than hamburger are an important outlet for manufacturing beef. Information obtained from responses to the Commission's questionnaire indicates that a substantial part of the manufacturing beef used in these products is of domestic origin. The 149 respondents that used imported beef in these products accounted for 38 percent of the imports of boneless beef covered by the survey. They used 252 million pounds of the imports, compared with 1,049 million pounds of comparable domestic beef. In addition, 65 respondents reported using only domestic beef but did not specify the quantities used.

Virtually all the U.S. imports of pickled, cured, and otherwise prepared or preserved beef and veal (table 2, cols. 5 and 6) go to the domestic producers of beef products for further processing. About two-thirds of the imported canned beef is also subject to additional processing before sale to ultimate consumers; the remainder, which is imported in small-size containers, is distributed to retail outlets by the importers or by domestic producers of meat products (table 2, col. 3). In 1963, the total U.S. imports of canned, pickled, cured, and otherwise prepared beef and veal products amounted to 246 million pounds, or less than 2 percent of the total domestic consumption of beef and veal.

## U.S. PRODUCTION OF CATTLE, BEEF, AND BEEF PRODUCTS

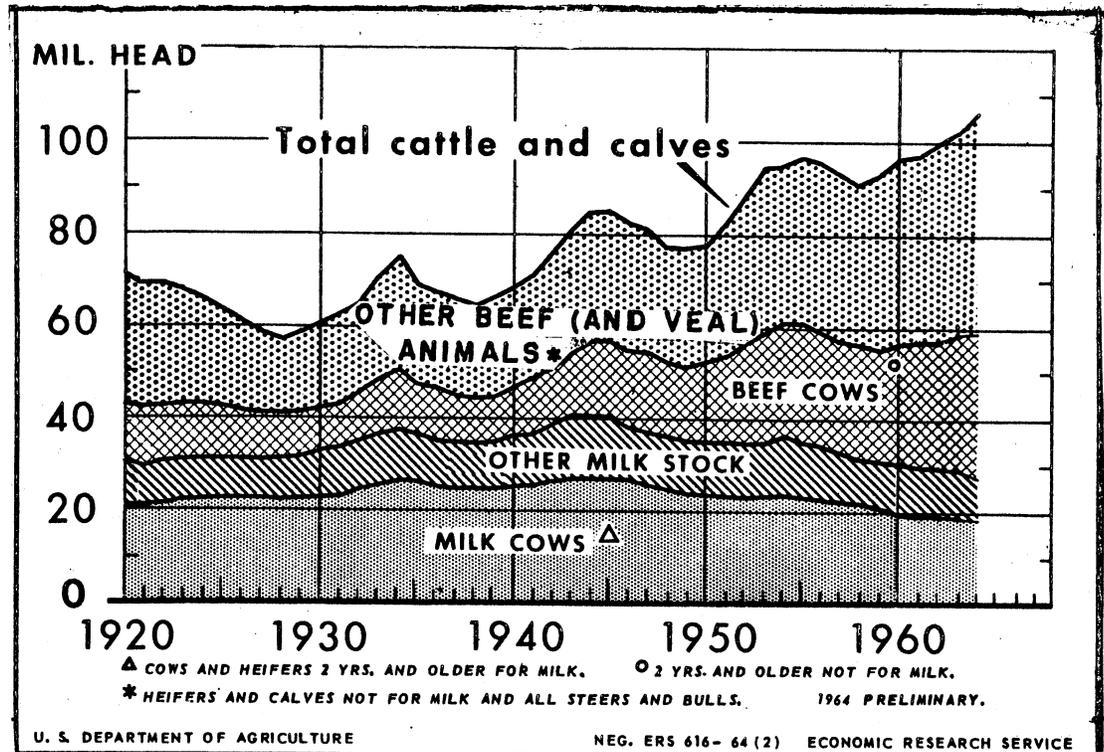
The principal factors that have influenced the volume and composition of the U.S. output of beef and beef products in recent years have been the following: (1) Changes in the composition of the cattle population (increased quantities of slaughter steers and heifers in contrast to a stable population of cows and bulls); (2) a decrease in the average age of the slaughter cattle; (3) a decline in the number of slaughter calves; (4) an increase in the number of grain-fed slaughter cattle; and (5) an increase in the portion of beef carcasses used for table meat (attributable largely to changes in both the cutting practices of processors and the conformation of the animals).

Cattle production

There has been a long-term increase in the January 1 inventories of cattle and calves on U.S. farms (table 3, line 1). The annual changes in total numbers have followed a pronounced cyclical pattern (fig. 5). The accumulation and liquidation of cattle inventories on farms generally occur in response to changes in cattle prices and in forage supplies.

The most recent complete "cattle cycle" began about 1948. During 1950-52 the demand for beef was strong and cattle prices

Figure 5.--Cattle and calves on U.S. farms, January 1 of 1920-64



were exceptionally high owing to the Korean conflict; nevertheless, cattle and calves were held on farms and ranches for herd expansion. In that 3-year period the annual slaughter of cattle averaged 18.1 million head, and annual calf slaughter averaged 9.6 million head (table 3, lines 9 and 10). These averages were lower than the corresponding figures for any of the preceding 6 years. The high prices which prevailed through 1952 were the predominant force contributing to the herd expansion. The revision of the Federal income tax regulations in 1951 that gave cattlemen tax benefits with regard to breeder livestock is believed to have been a minor factor (appendix C).

By January 1, 1953, cattle inventories were larger than on the corresponding date of any preceding year. Because of the record inventories and the persistent dry weather during 1953, cattle slaughter was 24.5 million head in that year, or 35 percent above the annual average for 1950-52. Calf slaughter in 1953 was 12.2 million head, or 27 percent above the annual average for 1950-52. The unfavorable weather conditions during 1954-56 contributed to a further rise in annual cattle slaughter. In 1956, cattle slaughter amounted to 27.8 million head. Annual calf slaughter, however, increased to 13.3 million head in 1954, then averaged 12.7 million head during 1955-57.

In 1957 the drought was broken on the western ranges, and herd expansion began again. By 1959 the annual cattle slaughter declined to 23.7 million head, and the annual calf slaughter to 8.1 million head, as cattlemen continued to hold breeding cows, heifers, and female calves. Annual cattle slaughter increased thereafter, reaching a record high of 28.1 million head in 1963, an amount 6 percent larger than the annual average for 1953-57. Notwithstanding the increase in annual cattle slaughter during 1959-63, inventories of cattle and calves on January 1 rose from 93.3 million head in 1959 to 106.5 million head in 1964, as heifers (and calves 1/) were retained for breeding stock. The record high

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1/ Annual calf slaughter averaged 8.2 million head in 1959-61 and then declined to 7.2 million head in 1963, or to 43 percent below the annual average for 1953-57.

inventory on January 1, 1964, was 14 percent higher than that on the corresponding date of 1959.

The increase in the cattle population since the early 1950's has been accompanied by significant changes in composition. The January 1 aggregate inventory of beef calves, heifers, steers, and cows increased from 56.4 million head in 1953 to 77.0 million head in 1964, while the January 1 inventory of dairy cows, heifers, and calves declined from 35.9 million head to 27.7 million head. The number of bulls on farms, however, did not change significantly; the January 1 bull population, which ranged between 1.9 million and 1.6 million during the period 1953-64, numbered 1.8 million in 1964.

The decline in the numbers of dairy cattle in the United States reflects largely the increased productivity of the average dairy cow, whereas the relative stability of the number of bulls reflects the increasing use of artificial insemination, particularly in the dairy herds. The decrease in the number of bulls and dairy cows combined has operated to limit the slaughter of domestic Cutter and Canner cattle, an important source of manufacturing beef, at a time when the demand for such beef was increasing. 1/

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1/ The average annual culling rate is lower for beef cows than for dairy cows; hence, the increase in the number of beef cows, which--in absolute numbers--has exceeded the decline in dairy cows, has not contributed proportionately to the overall supply of domestic Cutter and Canner cows available for slaughter (transcript of the hearing, pp. 749-750).

### Cattle feeding

As indicated earlier, the grain feeding of cattle has increased significantly over the years. At present almost two-thirds of all slaughter cattle are thus fed to slaughter weight. Nevertheless short-term fluctuations in feeding occur with changes in weather, feed supplies, and cattle prices.

In 1958-62, when the price of beef steers was high relative to the price of corn, grain feeding of cattle was generally more profitable than it was in the immediately preceding years. This situation contributed to the rise in the number of cattle on feed, from 5.9 million head on January 1, 1958, to 9.2 million head on January 1, 1964. Moreover, many cattle were fed to heavier weights than formerly. The beef steer-corn price ratio <sup>1/</sup> for 1963, however, indicates that it was much less profitable to feed cattle during that year than in any year in the period 1958-62. The following tabulation shows the beef steer-corn price ratios for the years 1953-63:

<u>Year</u>	<u>Ratio</u>	<u>Year</u>	<u>Ratio</u>
1953-----	15.2	1959-----	23.0
1954-----	15.4	1960-----	23.0
1955-----	16.5	1961-----	22.2
1956-----	15.7	1962-----	24.7
1957-----	18.5	1963-----	19.3
1958-----	22.2		

<sup>1/</sup> The beef steer-corn price ratio relates the average price per 100 pounds of beef steers (all grades) from the Corn Belt, sold out of first hands at Chicago for slaughter to the price per bushel of No. 3 yellow corn at Chicago. Thus, this ratio indicates the number of bushels of corn that is equivalent in value to 100 pounds of beef steers.

Beef and beef products

The annual U.S. production of beef has also increased sharply since 1952. In terms of carcass weight, the annual production averaged 9.3 billion pounds in 1950-52 and 13.5 billion pounds in 1953-57; it amounted to 15.3 billion pounds in 1962 and to 16.4 billion pounds in 1963 (table 3, line 20). The production of beef in 1963 was about 76 percent larger than the annual average production in 1950-52 and 21 percent larger than that in 1953-57. In contrast, the annual production of veal averaged 1.2 billion pounds in 1950-52 and 1.6 billion pounds in 1953-57; it then declined to 0.9 billion pounds in 1963 (table 3, line 21). The following tabulation shows the indexes (1953-57=100) of domestic production of beef, veal, and beef and veal combined, annual average 1950-52 and annual 1953-63:

	<u>Beef</u>	<u>Veal</u>	<u>Beef and veal</u>
Average:			
1950-52-----	69	73	69
Annual:			
1953-----	92	98	92
1954-----	96	104	97
1955-----	100	100	100
1956-----	107	103	107
1957-----	105	96	104
1958-----	99	75	96
1959-----	100	64	97
1960-----	109	70	105
1961-----	113	66	108
1962-----	113	64	108
1963-----	121	58	115

In recent years increases in both the number of cattle slaughtered and the average weight per carcass have contributed to the rise in annual beef production (table 3). The number of cattle slaughtered (line 9) increased from 24.4 million head in 1958 to 28.1 million head in 1963. Meanwhile the average weight per carcass (line 18) increased from 547 pounds to 587 pounds. About 68 percent of the 3.1-billion-pound increase in beef production from 1958 to 1963 is attributable to the increased number of cattle slaughtered, and about 32 percent to the increase in average carcass weight.

The great bulk of the domestically produced beef has consisted of fresh table beef. Table beef generally commands a significantly higher price than manufacturing beef; hence producers have concentrated on the production of beef of table grades (Good or better). The following tabulation presents estimates of the domestic commercial production of meat from steers and heifers (used primarily as fresh table beef) and meat from cows and bulls (manufacturing beef),

annual average 1950-52 and annual 1953-63 (in billions of pounds): 1/

	<u>Meat from steers and heifers</u>	<u>Meat from cows and bulls</u>
Average:		
1950-52-----	5.9	3.0
Annual:		
1953-----	8.2	3.7
1954-----	8.4	4.1
1955-----	8.7	4.4
1956-----	9.6	4.4
1957-----	9.7	4.1
1958-----	9.7	3.2
1959-----	10.3	2.9
1960-----	11.3	3.0
1961-----	12.1	2.8
1962-----	11.9	2.9
1963-----	13.2	2.8

The annual production of steer and heifer beef averaged 8.4 billion pounds in 1953-55, compared with an average of 5.9 billion pounds in 1950-52. The annual average rose to 9.7 billion pounds in 1956-58 and to 12.4 billion in 1961-63. On a per capita basis the annual production of beef from steers and heifers increased from an average of about 53 pounds in 1953-55 to 67 pounds in 1960-63. Varying portions of the carcasses of steers and heifers, principally the trimmings from table cuts and the rough cuts, have been used in recent years for manufacturing. Virtually the entire carcasses of cows and bulls have been so used.

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1/ Compiled from official statistics of the U.S. Department of Agriculture. Since the figures reported here relate only to U.S. commercial slaughter, their annual totals are slightly smaller than the annual figures for total U.S. slaughter (commercial and farm) shown in line 20, table 3 for corresponding years.

In the 3-year period 1950-52, the U.S. annual commercial production of cow and bull beef (primarily Cutter and Canner grades) averaged 3.0 billion pounds, or about 32 percent of the total beef production (as reported in table 3). In the 5-year period 1953-57 the annual production of cow and bull beef ranged from 3.7 billion pounds to 4.4 billion pounds. In 1957 the domestic output of such beef, 4.1 billion pounds, equaled about 30 percent of total beef production. By 1958, however, the production of cow and bull beef had decreased to 3.2 billion pounds (22 percent below the 1957 level), or to about 24 percent of the total beef output. During 1959-63 when the annual domestic production of such beef averaged about 2.9 billion pounds, the share of the total annual beef output supplied by cows and bulls continued to decline, thereby receding to 18 percent of the total in 1963. The reduced level of domestic production of cow and bull beef during the 1958-63 period prevailed notwithstanding that the prices of cow and bull beef were higher than they had been in the immediately preceding 5-year period, when drought conditions had depressed prices. During the period 1953-57, when the domestic production of cow and bull beef was at a high level, meat processors produced greatly increased quantities of products containing cow and bull beef. When the domestic production of cow and bull beef declined after 1957, processors turned to imported beef as well as to other meats (domestic and imported) for their supplies. The average annual domestic

production of cow and bull beef declined from 26 pounds per capita in 1953-57 to 16 pounds in 1958-63. The average annual per capita imports of boneless beef increased from less than a half pound in 1953-57 to nearly 5 pounds in 1958-63. In 1963 the per capita production of cow and bull beef was about 15 pounds and the per capita imports were nearly 8 pounds. Hence the per capita U.S. supply of manufacturing beef from grass-fed cattle in 1963 was about 23 pounds, compared with an annual average of about 27 pounds in 1953-57.

Significant quantities of trimmings and rough cuts from domestic steer and heifer carcasses are used by meat processors in addition to the cow and bull beef. Some cuts of steer and heifer beef are suitable either for table beef or for processing, depending upon price. Hence it is roughly estimated that 2.0 billion pounds of domestic steer and heifer beef were used for processing in 1953, 2.5 billion pounds in 1958, and 3.6 billion pounds in 1963. Notwithstanding the increasing amounts of steer and heifer beef used for manufacturing in recent years, the average annual supplies of domestic beef used for manufacturing (cow and bull beef chiefly of Cutter and Canner grades plus trimmings and rough cuts from steer and heifer carcasses) were about 7 percent smaller in 1958-62 than in 1953-57. In 1963, however, the supply of domestic beef for manufacturing (about 6.4 billion pounds) was roughly equivalent to the annual average supply in 1953-57. Imports accounted

for about 20 percent of the 7.9 billion pounds of beef consumed in the form of processed products (including hamburger) during 1963.

U.S. annual production of beef products processed under Federal inspection increased--in terms of beef content, carcass weight--by about 45 percent from 1953 to 1963 (table 4). During this period the annual production of miscellaneous meat products--meat pies, TV dinners, and so forth--increased about ninefold; the output of sliced products other than bacon increased nearly fivefold. The production of sausages, frankfurters, weiners, and uncanned hamburger also increased during this period, but more moderately.

CHANNELS AND METHODS OF DISTRIBUTION OF  
BEEF AND BEEF PRODUCTS 1/

The distribution of beef and beef products in the United States has altered significantly since the 1920's, particularly since the end of World War II. The changes reflect not only distributors' efforts to increase their efficiency but also responses to the growing market for beef.

Table beef

For many years meatpackers have been the principal wholesalers of fresh table beef and veal in the United States. In the early 1900's, when most business firms were small, the few large packers were regarded in some quarters as comprising a monopoly.

Two important events occurred in the early twenties:

- (1) The five largest packers agreed to a "consent decree"; 2/
- (2) the Packers and Stockyards Act, 1921, was enacted. These two actions resulted in the establishment of standards designed

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1/ For a discussion of the channels and methods of distribution of cattle and calves, see the chapter on U.S. producers of beef and beef products; for the corresponding discussion of imported beef, see the chapter on imports.

2/ Following an investigation by the Federal Trade Commission, the packers (Armour, Swift, Morris, Wilson, and Cudahy) agreed, among other things, to divest themselves of certain holdings in public stockyards, railroads, terminals, market newspapers, and cold storage warehouses, and not to engage in business in unrelated food lines, or in the retailing of meats. This decree is still in force.

to encourage competition among meat wholesalers. In subsequent years, highways were improved and the use of trucks became widespread. Large insulated and refrigerated trucks facilitated the long-distance movement of meats. With the increase in cattle-feeding operations and the decentralization of slaughtering, the number of packinghouses increased and their average size (capacity) decreased. There was also a decline in the share of the total beef output handled by the major packers.

Most packers maintain separate sales units to serve their larger carlot (truckload) buyers. Their shipments usually move direct from the plant by refrigerated truck or railroad car to the retail distribution point. Although a few retail chains receive a substantial portion of their shipments at central warehouses or cutting plants for distribution to retail outlets, most chains receive virtually all their deliveries at the individual stores. The importance of less-than-carlot sales has been declining. Although such sales are generally made by salesmen who visit the retail stores, some are made at the packingplants where retailers may personally inspect and select the meat.

Large packers have branch houses in various cities; these branch houses have sales offices, warehouses, and processing facilities, particularly for cutting carcasses to wholesale and retail cuts. Branch houses do no slaughtering, but some buy cattle that they ship to packingplants. Although numerous

and important as distribution outlets in the past, branch houses are now declining in importance.

The number of independent meat wholesalers has increased significantly in recent years. They generally confine their activities to a small, select market, principally hotels, restaurants, and other institutional outlets. The facilities of such wholesalers include processing plants, frozen-food locker plants, portion-control operations, warehouses with cutting rooms, and sausage kitchens. The increase in institutional feeding of all types and the rise in labor costs have stimulated the growth of organizations that perform many services formerly carried on in institutional kitchens. Services of this kind for the growing institutional market are also performed by many of the large packers.

With the increased importance of chain stores, the number of meat buyers has declined and the purchasing power of individual buyers has increased. Because so many packers vigorously seek their business, the retailers now generally enjoy a strong bargaining position respecting prices, terms, grades, and other conditions of sale. The retailers generally plan their procurement operations to accommodate their customers who make the bulk of their purchases on a weekly basis. Since consumers have shown a strong preference for beef over other meats, retailers frequently use beef as a sales leader. Their advertising is designed to draw weekend shoppers by emphasizing "specials" and "sale prices."

The grades established by the Federal Government for identifying the qualities of fresh beef are widely used as an aid in marketing. Government grading offers the special advantage of permitting the retailer to advertise beef to which an impartial agency of the Federal Government has assigned a grade (viz, Prime, Choice, or Good). Federal grading also reduces the need for inspection by buyers and enables small, independent packers to compete for the business of distant customers. Many chains buy beef on the basis of their own specifications in addition to Government grades. Indeed, some large packers, and also some chains, use private labels or brand names to identify and add prestige to the qualities of fresh beef that they sell.

#### Processed meat products

Processed meat products are marketed through several channels of distribution. Canned products, for the most part, are marketed as grocery items, in the same manner as canned vegetables, packaged cereal, and so forth. Since the products are not perishable they can be stored with little difficulty. Distribution is usually made through jobbers or directly to chains, including cooperatives and independent stores. Frozen products, including portion-control meat products, are generally handled, at the wholesale and retail level, with other frozen foods (e.g., vegetables, baked goods, fish). Although frozen beef and beef

products can generally be stored for months, they lose some of their flavor in the interim. Perishable processed meat products are usually marketed through the same distribution channels as fresh meats, since problems of spoilage, shelf life, and the like are comparable. Formerly, the predominant bulk of luncheon meats was sold to retailers in loaves weighing several pounds. Now, however, most luncheon meats, frankfurters, and other processed products are packaged for consumer sale by the processor, thus requiring a minimum of handling in the retail stores.

Hamburger, by far the principal processed beef product consumed in the United States, is produced at both the processor and retailer levels. The large bulk, however, is ground fresh daily in retail stores. The domestic meat for such hamburger moves in wholesale channels as parts of the table-beef carcasses and as lean cow and bull beef from boning plants.

## U.S. EXPORTS OF CATTLE AND DERIVATIVE PRODUCTS

The United States is by far the leading producer of beef and veal combined. It is a minor exporter of these products, as well as of cattle, but it accounts for the great bulk of the exports of inedible packinghouse products, such as tallow, hides, and skins. <sup>1/</sup>

Cattle

Annual U.S. exports of cattle were insignificant in 1958-63 (table 5). In 1959, the peak year of that period for such exports, they amounted to 51,000 head; in 1963 they were 23,000 head. In most of the period 1958-63 the great bulk of the exports consisted of cattle for breeding; they were shipped primarily to Mexico, Venezuela, and Canada. During 1958-63 virtually all exports of cattle other than for breeding went entirely to contiguous areas in Canada and Mexico. In 1961-63, annual U.S. exports of such cattle averaged 815 head to Canada and 477 head to Mexico. During the spring of 1964 prices of slaughter cattle in Canada were high compared with the prices of slaughter cattle and feeder calves in the United States. Consequently U.S. exports to Canada of such cattle in 1964 are expected to exceed by manyfold the average annual exports in recent preceding years.

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<sup>1/</sup> The term "packinghouse products," as used in this report, refers to the products, except edible beef and veal, derived from the slaughtering of cattle and calves and from the subsequent processing of the carcasses.

Packinghouse products

The U.S. exports of the edible and inedible packinghouse products reported in table 6 were valued at \$153 million in 1958. <sup>1/</sup> In 1959-62 their annual value ranged between \$176 million and \$211 million; in 1963 it amounted to \$189 million. In the period 1958-63 inedible tallow accounted for 54 percent of the total value, and cattle hides, edible offal (principally beef tongues and livers), calf skins, and sausage casings comprised the bulk of the remainder. The United States supplied almost three-fourths of the total exports of inedible tallow and a very substantial part of the total shipments of cattle hides and skins. The bulk of the U.S. exports of tallow were shipped to Europe, with the remainder being widely distributed throughout the rest of the world. In 1963 about two-fifths of the total U.S. exports of cattle hides and calf skins were destined for Japan; virtually all of the remainder went to Western Europe.

The value of the U.S. exports of inedible tallow ranged between \$90 million and \$114 million annually in the period 1958-63 (table 6). The value of the exports of cattle hides rose from \$34 million in 1958 to \$64 million in 1961 and declined to

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<sup>1/</sup> The U.S. exports of other packinghouse products are believed to be small.

\$56 million in 1963. The following tabulation shows the quantities of the U.S. exports of these two products in 1958 and 1961-63:

Year	Tallow, inedible	Cattle hides
	Million pounds	1,000 pieces
1958-----	1,040	5,398
1961-----	1,593	7,646
1962-----	1,427	7,119
1963-----	1,629	7,971

The total U.S. exports of fresh or frozen beef tongues and livers combined were valued at \$18 million in 1963, compared with \$11 million in 1958. The bulk of these exports went to Europe; the remainder went chiefly to Latin America.

#### Beef and beef products

The value of U.S. annual exports of fresh or frozen beef and veal ranged between \$4 million and \$7 million during the period 1958-63, while the value of the annual exports of beef products (principally pickled and cured beef, not canned) was about \$7 million. During the years 1958-63, U.S. exports of fresh or frozen beef and veal and of specified products were as follows (in thousands of pounds, product weight):

Year	Fresh or frozen beef and veal	Pickled and cured beef, except canned	Canned beef and veal
1958-----	6,811	16,258	1,703
1959-----	8,526	16,064	2,768
1960-----	10,194	17,108	2,088
1961-----	10,627	17,626	1,653
1962-----	9,856	15,061	2,196
1963-----	8,760	16,245	2,134

The annual exports of fresh or frozen beef and veal, which ranged between 7 million pounds and 11 million pounds in 1958-63, were insignificant in relation to annual imports thereof. The exports of canned beef and veal were small in relation to imports, whereas the exports of pickled and cured beef were substantially larger than the imports of such beef.

Generally the bulk of the U.S. exports of beef and beef products, particularly of fresh and frozen beef, have been for the use of U.S. citizens residing abroad. U.S. prices for beef have generally been too high to permit sales for ordinary local consumption in foreign markets. Owing to the shortage of beef that has developed in Europe since 1963, beef prices there have been rising. Early in May 1964, at the request of the President, representatives of U.S. cattle producers visited various European countries to explore the possibilities for increased exports of U.S. beef to those countries. On returning they reported finding a potential export market for U.S. beef. On May 26, the U.S. Department of Agriculture and the American Meat Institute signed a market development agreement providing for a jointly financed program to promote commercial sales of U.S. meat in Western European countries. By June 10, 1964, the latest date for which information is available to the Tariff Commission for use in this report, several exploratory sales to Europe had been made. <sup>1/</sup> The beef consumed by Europeans

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<sup>1/</sup> U.S. Department of Agriculture release No. 1905-64, June 9, 1964.

generally lacks the finish of the Choice or Prime grades now in abundant supply in the United States. Accordingly, the U.S. exports for consumption by Europeans will probably consist predominantly of Good or lower grades, at least during the immediate future.

## FOREIGN PRODUCTION AND TRADE

This chapter relates primarily to the production and foreign trade of cattle, beef, and veal by the countries (or groups of countries) that are the major participants in the free-world trade in these products, or that are the principal suppliers of U.S. imports, namely: (1) The European Economic Community (EEC); <sup>1/</sup> (2) the United Kingdom; (3) the Republic of Ireland; (4) Australia and New Zealand; (5) Argentina and Uruguay; (6) Canada and Mexico; and (7) selected countries in Central America. <sup>2/</sup> Although some of these countries are important producers of, or have substantial trade in, canned and other processed beef products, the discussion is confined primarily to production and trade in fresh, chilled, and frozen beef and veal.

The six members of the EEC and the United Kingdom are important producers and consumers of beef and veal. Each of these areas, like the United States, is also a substantial net importer of beef and veal. The Republic of Ireland, Australia, New Zealand,

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<sup>1/</sup> In this report, EEC refers to the six original member States: France, Italy, West Germany, Belgium, the Netherlands, and Luxembourg.

<sup>2/</sup> Includes Costa Rica, Guatemala, Honduras, and Nicaragua; inasmuch as the international trade in beef and veal of El Salvador and of Panama is small, they are not considered in this report.

Argentina, Uruguay, and the four Central American Republics, on the other hand, are on a large export basis and together account for the bulk of the free-world exports of beef and veal.

The Republic of Ireland supplies the United Kingdom with fresh beef and veal, particularly table grades, as well as slaughter cattle. In addition, Ireland exports small quantities of these products to the EEC countries; it is also a major supplier of U.S. imports of manufacturing grades of frozen boneless beef. 1/ Australia and New Zealand have shipped significant quantities of frozen boneless beef to the United Kingdom, but their principal foreign outlet for this type of beef in recent years has been the United States. Australia and New Zealand do not participate significantly in the beef import trade of the EEC countries. The exports by Argentina and Uruguay of fresh, chilled, or frozen beef go principally to the United Kingdom and the EEC countries. 2/ The four Central American Republics are important U.S. suppliers of boneless and bone-in beef, whereas Canada and Mexico are major sources of the U.S. imports of cattle. U.S. imports of manufactur-

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1/ The predominant bulk of the U.S. imports, consisting of lean manufacturing beef derived from grass-fed cattle, is probably comparable in quality to the official U.S. grades of Cutter or Canner. Little, if any, of the beef produced in the foreign countries herein considered would grade as high as the U.S. grades of Prime, Choice, or Good, which apply almost exclusively to beef derived from cattle that have been intensively grain fed.

2/ The presence of foot-and-mouth disease in Argentina and Uruguay precludes their exporting fresh, chilled, or frozen beef and veal to the United States (see chapter on U.S. customs treatment and other import restrictions).

ing beef from Mexico have been substantial; the imports of beef and veal from Canada have been negligible.

In 1958-63, the pattern of free-world production and trade in beef and veal changed significantly (table 7). In 1963 the aggregate output of beef and veal in the countries herein considered amounted to 23.1 billion pounds, compared with 19.9 billion pounds in 1958. The following tabulation shows the production of beef and veal in 1958 and 1963 in these importing and exporting countries:

Country or area	1958	1963	Percent of increase, 1963 over 1958
	Million pounds	Million pounds	
Importing countries or areas:			
EEC-----	6,854	9,039	32
United Kingdom-----	1,821	2,083	14
Total-----	8,675	11,122	28
Exporting countries or areas:			
Argentina and Uruguay-----	6,117	6,159	1
Australia and New Zealand-----	2,489	2,724	9
Canada-----	1,314	1,537	17
Mexico-----	992	1,119	13
Central America-----	189	225	19
Republic of Ireland-----	172	244	42
Total-----	11,273	12,008	7

The rate of increase in aggregate production from 1958 to 1963 was much more pronounced in the importing countries than in the exporting countries. Whereas the output of beef and veal in the importing countries rose by 2.4 billion pounds (about 28 percent)

from 1958 to 1963, production in the exporting countries increased by 0.7 billion pounds (7 percent). <sup>1/</sup> In 1963 the total production of beef and veal in the importing countries shown above was nearly equivalent to that in the exporting countries.

The total exports by the exporting countries rose from about 1.6 billion pounds (product weight) in 1958 to 1.8 billion in 1959, and then declined to about 1.5 billion pounds in 1961 (table 8). Thereafter their exports rose sharply to 2.5 billion in 1963. The combined exports from Argentina and Uruguay ranged between about 0.6 billion pounds and about 0.9 billion pounds annually in 1958-61; they then increased sharply to about 1.3 billion pounds in 1963, owing largely to shortages of meat in Western Europe in that year. Currently (in 1964), the beef available for export--particularly in Argentina--is in short supply.

The combined output of beef and veal in Australia-New Zealand was about 9 percent higher in 1963 than in 1958, as were their exports. The increase in such exports was accompanied by a pronounced change in their destination. Their exports to the United Kingdom declined, whereas those to the United States increased substantially. The strong demand in the United States for manu-

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<sup>1/</sup> U.S. capital, although represented, accounts for only a small part of the total investment in the raising or slaughtering of cattle or in the processing of beef in any of these countries.

facturing beef and the high U.S. prices for such meat in relation to those in the United Kingdom made the U.S. market more attractive than that of the United Kingdom. Meanwhile, the output of beef and veal in the United Kingdom increased and its dependence upon imports declined.

The exports of beef and veal from Mexico and Canada did not increase significantly in 1958-63. The Republic of Ireland increased its exports of table beef to the United Kingdom and its shipments of manufacturing beef to the United States during that period. Concurrently, the exports of manufacturing beef to the United States by the four Central American Republics also rose.

#### The European Economic Community

The European Economic Community takes a significant portion of world exports of beef and veal. The six members of the Community also import substantial quantities of cattle from nearby countries to supplement their domestic supplies of slaughter cattle.

#### Production

The production of beef and veal in the EEC increased steadily from 6.9 billion pounds in 1958 to 9.0 billion pounds in 1963. Severe weather in the winter of 1962-63, coupled with feed shortages, were important factors that contributed to the increased slaughter during 1963. The increase in annual output from 1958 to

1963 amounted to nearly 2.2 billion pounds; France accounted for about 0.8 billion of that total, Italy for 0.7 billion, and West Germany for about 0.4 billion. The Netherlands accounted for most of the remainder.

Although beef and veal are produced within the Community from both domestic and imported cattle, the great bulk of the increased production came from domestic animals. <sup>1/</sup> From 1958 to 1962, the cattle population of the Community rose from about 44 million head to about 49 million. Following the heavy slaughtering during 1963, the cattle population of the EEC amounted to about 48 million at the beginning of 1964 (table 9). In 1963, about 41 percent of the cattle were in France, 27 percent were in West Germany, and 19 percent in Italy. The Netherlands and Belgium-Luxembourg accounted for the remainder in approximately equal proportion.

The increased output of beef and veal in the Community during 1958-63 occurred with little change in land use and stemmed mainly from improved management practices. In several of these countries, the national governments adopted policies to encourage the consolidation of small farms into larger, more efficient operating units and otherwise encouraged production.

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<sup>1/</sup> The trend in the total number of cattle imported from nonmember countries has been upward since 1958; however, the imports have not increased in relation to the total number of animals slaughtered. In each of the years 1958-63 the imports of cattle were equivalent to about 3 percent of the number of cattle slaughtered.

Under its economic and social development program for 1961-65, the Government of France has endeavored to increase the annual output of beef and other meat, with a view to supplying a greater share of the Community's requirements. The objective for beef is a 35-percent increase in production by 1965 over the 1959 level. The Government endeavors to stabilize prices and supplies of beef and veal by direct market intervention and offers financial support to producers endeavoring to consolidate land holdings into more efficient operating units. The 1961-65 development program provides for increases in France's agricultural extension services and for loans to farmers for the purchase of machinery.

Although most of the beef produced in France is a byproduct of dairy farming, there is also substantial output from beef herds. In 1961 about 12 percent of the slaughter cattle were beef breeds; about the same proportion consisted of crossbreeds from dairy cows and beef bulls. Dairy breeds accounted for about 50 percent of the total; the remainder consisted of native all-purpose breeds, commonly used as work, dairy, and meat animals.

The raising of slaughter cattle in France is concentrated in the central and northern sections, where about half of the country's pasturelands are located. Supplemental feeding in the

winter months utilizes principally hay and other fodder. Slaughter cattle are generally fed supplemental rations about 4 to 5 months, except in the Normandy area, where only about 2 months of such feeding is required. In recent years, growers have concentrated on the production of lean grades of meat, and there has been much emphasis on the production of "baby beef"--i.e., beef from young bulls which are slaughtered at the age of 12 to 14 months. Such animals yield tender beef, with some marbling and a minimum covering of fat.

In West Germany, the second largest producer of beef and veal in the EEC, almost all the cattle slaughtered for beef are dual-purpose animals raised on dairy farms. As in France, producers in West Germany have emphasized the production of lean meat in recent years. About 35 percent of the cattle population is comprised of Holsteins, while the remainder consists largely of a number of breeds native to Germany. Supplemental feeding prevails in all areas during the winter months; usually hay, silage, sugar beet residue, and some grain (chiefly barley and rye) are used for this purpose. Generally the animals reach slaughter weight at about 2 to 3-1/2 years, but the tendency is to market the animals at earlier ages. Although there has been a gradual consolidation of farms, the great bulk of the cattle in Western Germany are still maintained on small holdings.

About 90 percent of the farms consist of less than 50 acres each; most of the remainder range from 50 acres to 125 acres each. Elsewhere in the EEC, most of the cattle are dual-purpose animals, raised generally on small, family-operated farms.

#### Foreign trade

During 1959-62, the Community's imports of beef and veal from nonmember countries ranged between 0.2 billion pounds and 0.3 billion pounds annually (product weight) with no indicated trend. During that period, however, the exports to nonmember countries rose without interruption from nearly 0.05 billion pounds to about 0.2 billion pounds. Thus, as measured by its net foreign trade (i.e., total imports from nonmember countries less the exports thereto), the dependence of the EEC countries upon imports of beef and veal declined substantially from 1959 to 1962. In that period its net imports decreased from about 0.3 billion pounds to about 0.1 billion pounds. The Community's exports to nonmember countries were much lower in 1963 than in 1962, and its imports from such countries were much higher. From 1962 to 1963, the imports of beef and veal from nonmember countries doubled, rising from about 0.3 billion pounds to about 0.6 billion. Concurrently, its exports to nonmember countries declined from more than 0.2 billion to about 0.1 billion; thus the net imports from nonmember countries rose from about 0.1 billion pounds in 1962 to nearly 0.5 billion in 1963. Preliminary

information indicates that the imports into the EEC countries are likely to be significantly higher in 1964 than in 1963. The continued strong consumer demand for beef and other meats, coupled with shortages of slaughter animals, resulted in higher meat prices late in 1963. Early in 1964 most members of the Community were encouraging imports from nonmember countries.

Argentina-Uruguay, Denmark, Yugoslavia, and the Irish Republic, and other nearby European countries have been the principal sources of the imports of beef and veal by the Community. Argentina-Uruguay supply large quantities of frozen boneless beef for processing, along with fresh, chilled, or frozen table meat. The imports from nearby European countries consist chiefly of table meat.

## The United Kingdom

Within the United Kingdom the trend in the per capita consumption of beef and veal has been upward; such consumption, however, has fluctuated markedly from year to year in response to changes in the relationship of the prices of beef to those of other meats and poultry. Inasmuch as the increase in its production has exceeded the increase in its consumption, that country's dependence on imports has diminished. Whereas imports supplied more than 50 percent of the consumption of beef and veal in the years immediately before World War II, the imports supplied only about 30 percent of the consumption in 1960-63. Notwithstanding, the United Kingdom continues to be one of the major importers of beef and veal; in 1962 its imports, supplied largely by Argentina and Uruguay, were exceeded only by those of the United States.

Production

The average annual production of beef and veal in the United Kingdom declined from 1.8 billion pounds in 1958 to 1.6 billion in 1959, and then rose without interruption to 2.1 billion pounds in 1963 (table 7). To a significant extent, the increased output of beef in the United Kingdom resulted from the Government's efforts to stimulate meat production through a system of subsidy

payments to producers of beef cattle. <sup>1/</sup> The total number of cattle in the United Kingdom rose from 10.8 million head in 1958 to 11.7 million in 1961 and amounted to 11.5 million head in 1964 (table 9). Most of the cattle used for the production of beef are crossbreeds of dairy cows and beef bulls. Only about 10 percent of the cattle are of pure beef breeds--principally Hereford, Angus, and Shorthorn. The meat from such cattle is used chiefly for the restaurant and hotel trade and finds little demand in retail outlets because of consumers' preference for the lower priced, leaner grades of beef. Efforts are reportedly being made to produce leaner animals which can be slaughtered at an early age and yield the dressing percentage now derived from beef breeds.

In areas where there is adequate pasture for summer grazing and suitable land for the production of fodder and silage for winter feed--notably in the Midlands and southwestern England--the cattle are generally bred and fed to slaughter weight on the same farm. In other areas--notably sections of Wales, northern England, and Scotland--many producers specialize in the breeding

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<sup>1/</sup> The cattle subsidy program, which has been in effect since 1946, consists of payments to producers on steers weighing 480 pounds or more (live weight) and on heifers weighing at least 730 pounds. The payments are based on differences between prices guaranteed by the Government and the market prices received by the producers of cattle. Imports of cattle from the Republic of Ireland qualify for the subsidy program provided they are fed in the United Kingdom for a period of 3 months prior to slaughter.

and raising of cattle for sale as feeder cattle. This stock is generally fed supplemental rations during the winter months, and then sold to farmers who specialize in finish feeding.

### Imports

Concurrently with the United Kingdom's increased output of beef and veal, its imports of these products declined by about 28 percent from 1958 to 1961, or from 0.9 billion pounds (product weight) to 0.6 billion. Although the imports increased thereafter to 0.8 billion pounds in 1963, they were about 11 percent lower in that year than in 1958. The annual imports of cattle in the United Kingdom, virtually all from Ireland, averaged about 0.6 million head annually during 1958-63.

The United Kingdom conducts its import trade in beef and veal largely on the basis of bilateral agreements. Agreements with Argentina and Uruguay respecting beef and veal are subject to frequent revision to control the volume and flow of the entries so as to stabilize supplies and prices within the United Kingdom. In 1952 the United Kingdom entered into a 15-year agreement with Australia under which the United Kingdom guaranteed a minimum price for its purchases of Australian beef and contracted to take virtually all of Australia's exports during the period of the agreement. <sup>1/</sup> As the production of beef and

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<sup>1/</sup> Under a long-term agreement negotiated earlier with New Zealand, the United Kingdom had also contracted for most of that country's total exports until 1967; that agreement was terminated in 1954.

veal within the United Kingdom increased, however, and as greater supplies of higher quality fresh and chilled carcass beef from other countries became available, the United Kingdom's need for exclusive rights to the beef exports of Australia decreased. Hence, the agreement with Australia respecting imports of low-grade beef was terminated in 1958; that for higher grades of beef was ended in 1961.

After 1958 exports of frozen beef by Australia and New Zealand declined sharply both in absolute and relative amounts (table 8). Whereas those two countries supplied about a third of the United Kingdom's imports in 1958, their part of such trade declined to less than a tenth by 1963. The bulk of the imports by the United Kingdom, consisting chiefly of fresh or chilled carcass beef which is more highly regarded than frozen beef, is supplied chiefly by Argentina-Uruguay. In 1963 Argentina-Uruguay supplied about three-fourths of the imports by the United Kingdom; together, the Republic of Ireland and Yugoslavia supplied about a tenth.

#### Republic of Ireland

The annual production of beef and veal in the Republic of Ireland has increased rapidly in the past decade. The increase reflects, in part, Government programs to promote the production and exportation of these products to obtain foreign exchange, and

to increase domestic supplies of food and industrial raw materials derived from the production of cattle. Livestock production is the most important agricultural activity of Ireland, and the exportation of livestock and meat products provides a large part of that country's foreign-exchange receipts. Currently, Ireland is one of the largest exporters of beef and veal and one of the major suppliers of U.S. imports. In 1963 it ranked third, after Australia and New Zealand, as a source of U.S. imports of boneless beef; in that year Ireland accounted for about 7 percent of U.S. imports of fresh, chilled, or frozen beef and veal.

#### Production

The annual production of beef and veal in the Republic of Ireland increased from 172 million pounds in 1958 to 284 million in 1961 and amounted to about 244 million pounds in each of the years 1962 and 1963 (table 7). The strong demand for beef both in the domestic and export markets, coupled with the Government incentive programs, has resulted in an upward trend in the total number of cattle in Ireland. In 1964 the cattle population reached a record high of 4.4 million head, an increase of 10 percent over that of 1958 (table 9).

In Ireland beef cattle are produced largely on dairy farms. Since pasturelands are abundant and winters are generally mild, supplemental feeding is not necessary. The beef cattle are

chiefly crossbreeds produced from dairy cows and beef bulls; only about 5 percent are purebreds, chiefly Hereford, Angus, and Shorthorn. Most beef calves are sold when they are about a year old, after which they are pastured at least one season, usually in the northwestern or midland part of Ireland. Thereafter they are sold to farmers who specialize in finish feeding.

The Government of Ireland maintains a number of projects to encourage livestock production, the most important of which is the so-called fat-cattle subsidy assuring payments on cattle slaughtered for export. The amount of the subsidy is designed to compensate for the difference between prices guaranteed by the Government and the actual prices received by producers. Only steers that weigh at least 730 pounds and have a dressing percentage of at least 54 percent qualify for such payments. Subsidy payments are also made on comparable cattle exported to the United Kingdom, provided they are slaughtered within 72 hours after arrival. <sup>1/</sup> Moreover, the Government assists producers in herd improvement by providing purebred breeding stock on a lease basis. It also assists in the eradication of bovine tuberculosis and maintains programs for land reclamation and the improvement of farm facilities.

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<sup>1/</sup> As noted earlier, Irish beef cattle fed in the United Kingdom for a period of 3 months qualify for subsidies paid by the Government of the United Kingdom to domestic growers.

Exports

Ireland's annual exports of beef and veal rose from 59 million pounds (product weight) in 1958 to 165 million pounds in 1961 and averaged 134 million pounds annually in 1962-63. Exports to the United States accounted for nearly 60 percent of Ireland's shipments to all countries in 1963, compared with 53 percent in 1958. <sup>1/</sup> Shipments to the United Kingdom amounted to 38 million pounds in 1963 (28 percent of the total), compared with 6 million pounds in 1958 (10 percent of the total). The trend in Ireland's annual exports of beef and veal to countries other than the United States and the United Kingdom was downward; such shipments declined from about 22 million pounds in 1958 to 8 million pounds in 1962, and amounted to 16 million pounds in 1963.

Whereas more than 90 percent of Ireland's shipments to the United States in recent years have consisted of frozen boneless beef, most of its exports to the United Kingdom have been of fresh or chilled beef. In addition, Ireland has exported substantial numbers of cattle to the United Kingdom for eventual slaughter in that country. In recent years, Ireland has also exported small quantities to the EEC. In the period 1958-62 the annual net exports of cattle averaged about 500,000 head, with no discernible trend, and were equivalent to about 12 percent of the cattle reported on Irish farms in those years.

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<sup>1/</sup> In February 1964 quantitative restrictions were imposed by Ireland on its exports of beef and veal to the United States (see the chapter on U.S. imports).

## Australia and New Zealand

Although the combined output of beef and veal in Australia and New Zealand accounts for a small part of free-world production, both countries produce substantial quantities for export; together they rank second (after Argentina-Uruguay) as suppliers of the free-world exports of beef and veal. In recent years the United States has been the principal market for the beef and veal exported by Australia and New Zealand; in 1963 these two countries supplied 76 percent of the U.S. imports of fresh, chilled, or frozen beef and veal. <sup>1/</sup>

Australia

Notwithstanding the rapid industrial growth in the Commonwealth of Australia, agriculture continues to account for a substantial part of the gross national product of that country, and agricultural products comprise the bulk of its exports. In 1963, beef and veal accounted for nearly a tenth of the value of Australia's commodity exports.

Production.--The annual production of beef and veal in Australia amounted to 1.9 billion pounds in 1958 when high prices, coupled with a drought in some sections, resulted in a high level of slaughter (table 7). Thereafter production declined to 1.5

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<sup>1/</sup> In February 1964, quantitative restrictions were imposed by Australia and New Zealand on their exports of beef and veal to the United States (see the chapter on U.S. imports).

billion pounds in 1960, since producers retained their cattle to rebuild herds. From 1960 to 1963 the output rose to about 2.1 billion pounds; most of this increase was reportedly from the slaughter of cattle produced in regions that had not been seriously affected by the aforementioned drought.

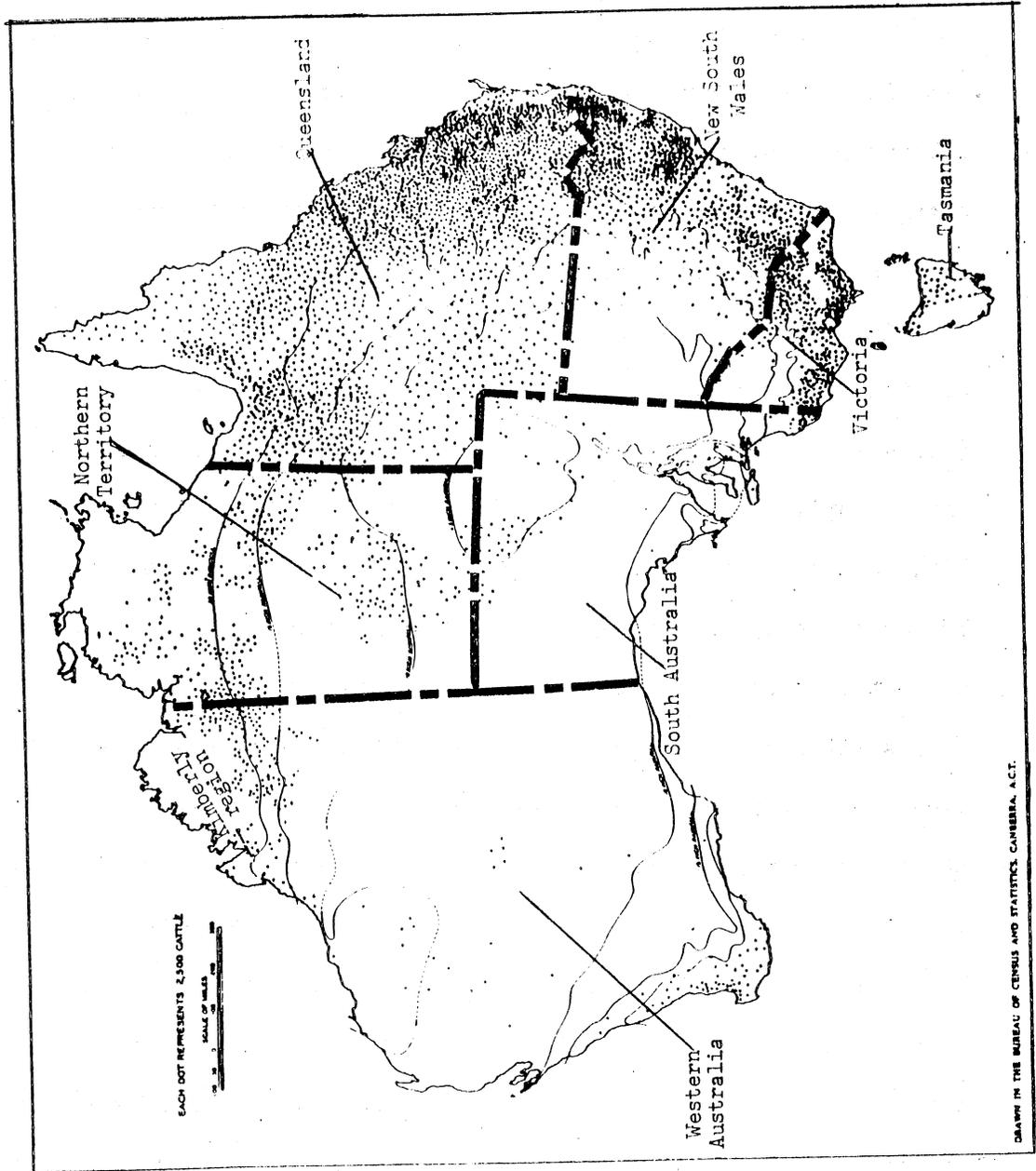
In 1964, the number of cattle in Australia reached 19.1 million head, or about 13 percent above the number in 1958 (table 9). Virtually all the increase consisted of beef cattle, particularly cows. <sup>1/</sup> The beef herd numbered 14 million head in 1964, or nearly three-fourths of the total cattle population. The dairy herd has averaged about 5 million head annually and has not changed significantly in recent years.

Australia's beef herds are heavily concentrated in Queensland, New South Wales, and Victoria (fig. 6). Together these States accounted for about 80 percent of the number of beef cattle in 1962; the remainder were located chiefly in the Northern Territory and the Kimberly region of Western Australia. The great bulk of the increase in cattle numbers from 1958 to 1963 occurred in New South Wales and Victoria, where diversified farming is practiced. In those States favorable weather conditions, extensive pasture improvements, and the proximity to Australia's population centers contributed to the growth in cattle numbers. In other areas--particularly in some sections of Queensland and

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<sup>1/</sup> In 1961, cows constituted about half of the total beef herd; more recent data are not available.

Figure 6.--Distribution of beef cattle in Australia, 1961



the Northern Territory--frequent droughts have inhibited the expansion of production in recent years.

Although Shorthorn, Hereford, and Angus are the main beef breeds, Brahman and Santa Gertrudis cattle are popular in some regions, particularly in the Northern Territory. Virtually all beef cattle are grass fattened. Although some feedlot operations have been established, they are largely on an experimental basis. The cost of grain relative to the price of cattle generally makes large-scale operations of this type uneconomic. Moreover, the demand for grain-fattened cattle in Australia appears to be small.

Producing conditions vary widely in Australia. In New South Wales and Victoria, where cattle generally are grazed with sheep, land holdings for commercial cattle operations range from 700 to 5,000 acres each. In central Queensland, operations involving 20,000 acres each are common, while in the Northern Territory and in the Kimberly region of Western Australia (where the carrying capacity of the land may be as low as 6 head per square mile) a number of ranches exceed 3 million acres. In northern and western Australia, where cattle are generally raised by large corporations, the animals were formerly driven several hundred miles to railheads for shipment to slaughter. In recent years, many "beef roads" have been developed under the direction of the Australian Meat Board, which is comprised of representatives of

the Government, producers, and exporters. Now most of the animals move to the rail terminals by "truck trains." <sup>1/</sup> The improved transportation facilities permit younger cattle to be marketed.

In the past, both the Commonwealth and the State Governments of Australia have provided substantial assistance to producers of cattle. With governmental assistance, water reservoirs and wells have been constructed along stock routes to reduce drought hazards. As an incentive for increasing productive capacity, the Government allows cash expenditures for pasture improvement and pest and disease control to be treated, for tax purposes, as operating expenses rather than capital improvements. Much of the land used for grazing is leased from the Government on a long-term basis. The Australian Meat Board gives financial assistance to organizations active in the promotion of exports, maintains active lists of accredited foreign importers with whom Australian exporters are required to deal, and conducts research in the field of livestock production and marketing.

Most of Australia's major meat-packing plants are modern and efficient; the unit costs of production tend to be high, however, for a number of reasons, including seasonal closings. Generally, slaughtering plants have holding pastures for finish grazing and many of them operate their own ranches. A number of municipalities

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<sup>1/</sup> "Truck trains" consist of coupled truck trailers powered by a truck tractor.

own terminal markets and packinghouses which they operate by collecting fees for the services performed.

Australian beef is graded officially as first, second, or third (boned or manufacturing) quality. The Commonwealth Meat Inspection Service supervises the production of meat for export. The bulk of the Australian output is comparable to U.S. beef of Standard or Commercial grades; a small portion would probably grade Good by U.S. standards. The frozen boneless beef for the U.S. market, which is obtained principally from 4- to 5-year-old cattle, would normally grade U.S. Cutter or Canner.

Exports.--Although Australia's exports of beef and veal have fluctuated widely from year to year since 1958, the trend has been sharply upward. Exports rose from 284 million pounds (product weight) in 1958 to 513 million pounds in 1959, declined to 301 million in 1961, and then rose to a record high of 584 million in 1963 (table 8). 1/ Before 1959, virtually all Australia's exports of beef and veal were shipped to the British Commonwealth. In October 1958, however, Australia's "meat agreement" with the United Kingdom was modified. 2/ Thereafter Australian exports to non-Commonwealth countries increased markedly. From 1958 to 1963

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1/ Data on Australia's exports are for the 12 months ending June 30 of the year named.

2/ For details regarding this agreement, see section of this chapter on the United Kingdom.

Australia's annual shipments to the United States rose from 11 million pounds to 475 million pounds, while the annual shipments to the United Kingdom declined from 217 million pounds to 62 million pounds. In 1963 the United States took 81 percent of Australia's exports of beef and the United Kingdom took 11 percent. The corresponding percentages for 1958 were, respectively, 4 percent and 76 percent.

New Zealand <sup>1/</sup>

Although New Zealand accounts for only a small part of the free-world output of beef and veal, it has long been one of the leading exporters of these products. In 1963 more than 90 percent of New Zealand's foreign-exchange receipts from its merchandise account were derived from the exportation of livestock products (chiefly wool, meat, dairy products, and hides and skins, in that order). In that year the exports of beef and veal were equivalent to about 8 percent of the total exports.

Production.--The production of beef and veal in New Zealand amounted to about 592 million pounds in 1958; it declined to 525 million pounds in 1959, to 524 million pounds in 1960, and then rose to a record high of 663 million pounds in 1962. In 1963, production amounted to 638 million pounds (table 7).

The economy of New Zealand is based primarily on agriculture, particularly the production of livestock and livestock products.

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<sup>1/</sup> Data for New Zealand's production relate to years ending Sept. 30; export data are for calendar years.

New Zealand's farm policy, especially since World War II, has encouraged the development of grassland areas for the production of sheep and cattle. The number of cattle on farms rose without interruption from about 5.9 million head in 1958 to about 6.7 million in 1964 (table 9). Most of that increase was attributable to the growth of beef herds. Dairy cattle have numbered about 3 million head in recent years.

Although large numbers of young dairy calves are slaughtered for the production of veal (chiefly for domestic use), the great bulk of New Zealand's slaughter cattle come from beef breeds-- chiefly Angus, Hereford, and Shorthorn, in that order. <sup>1/</sup> In New Zealand a typical beef herd numbers from 100 to 300 head. Virtually all cattle are grass-fed and grass-fattened. Although the production of silage is increasing, the high cost has tended to inhibit its use. During the winter the great bulk of the animals are usually fed on hay. Cattle generally attain slaughter weight at the age of 2 to 3 years. The great bulk of the cattle are grazed on the same land as sheep. In the North Island, where about 85 percent of the beef cattle are located, the cattle-sheep ratio is usually about 1 to 4. In recent years, the extensive application of fertilizer, together with the clearance of new grazing areas, has resulted in marked increases in availability and carrying capacity of grazing land.

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<sup>1/</sup> In 1960 about two-thirds of the beef herd consisted of Angus.

Exports.--New Zealand's exports of beef and veal, which amounted to 260 million pounds in 1958, ranged between 199 million and 221 million annually in 1959-61, and rose to 285 million pounds in 1963 (table 8). The United States, by far the leading foreign market, accounted for about 77 percent of New Zealand's exports in 1962-63. Since 1959, New Zealand has ranked second to Australia as a supplier of U.S. imports of fresh, chilled, or frozen beef and veal. In 1963, New Zealand supplied about 24 percent of the total U.S. imports of such meat.

In New Zealand, meat destined for export is derived from cattle slaughtered at specially licensed slaughterhouses; 36 such plants are currently in operation. The grading of such meat is a major function of the Meat Producers Board. There are five grade classifications: Chilled beef, baby beef, good average beef, fair average beef, and boned beef. Few, if any, cattle yield beef that would grade Choice by U.S. standards since grain feeding is rare. Minimum prices for exported meats are fixed by a Meat Export Prices Committee, which is made up of industry and Government representatives. Since 1958, however, the prices received for exported beef and veal have exceeded the established minimum prices. The Meat Producers Board also assists in negotiating shipping contracts, allocating shipping space, financing new slaughter plants, and in sales-promotion campaigns.

## Argentina and Uruguay

The aggregate annual output of beef and veal in Argentina-Uruguay is exceeded only by the production of such products in the United States and in the European Economic Community. As indicated earlier, Argentina and Uruguay together are the world's largest exporters of beef and veal. Virtually all their exports of fresh, chilled, or frozen beef and veal go to the United Kingdom and continental Europe.

Argentina

Argentina's economy, which is primarily agricultural, is based in large measure on the production of livestock. Agricultural products constitute the country's most important exports; in recent years, beef and veal have accounted for more than 10 percent of the total value of Argentina's exports.

Production.--Argentina's production of beef and veal amounted to 5.6 billion pounds in 1958, declined to 3.9 billion pounds in 1959, and then rose to 5.5 billion pounds in 1963 (table 7). The high level of output in 1963--0.8 billion pounds above the 1962 level--resulted in part from increased slaughtering brought on by a widespread drought.

The number of cattle in Argentina amounted to 41.5 million head in 1964, compared with 41.0 million head in 1963 and 43.3 million in 1962 (table 9). The average cattle population was at about the same level in 1963-64 as in 1951-55. The failure of

Argentina's beef industry to grow significantly in the past decade resulted from a number of factors, including low market prices in relation to costs of production, unfavorable weather conditions, high export and sales taxes on livestock and meat, and the fact that the industry had not recovered fully from restrictive measures unfavorable to agriculture that had been undertaken by the Peron regime.

About 85 percent of Argentina's cattle population is comprised of beef breeds, with Angus and Shorthorn predominating. In recent years there have been considerable imports of Brahman cattle for use in areas--particularly in the north--where high resistance to heat and insects is required. Production is concentrated in the central plain (called the Pampa), a semi-circular area extending for about 300 miles from the city of Buenos Aires.

Alfalfa is the principal forage crop, but many of the cattle are grazed on green cereal crops in the winter months. In Argentina few slaughter animals are grain fed. Slaughter steers and heifers born in the Pampa are usually put on special fattening pastures shortly after weaning. On the best pastures the animals attain slaughter weight at the age of 18 to 24 months. The bulk of the cattle marketed, however, are 3 to 4 years of age. In the past decade the annual rate of slaughter has increased in relation to the total cattle population, because of a

marked tendency to market the animals at an earlier age. In the Pampa the pastures are available on a year-round basis but are seldom fully utilized. Each year large numbers of cattle are moved there from less fertile areas for finish feeding. A well-developed network of rail and highway systems provides adequate transportation to the major domestic consuming centers and ports of exportation. In areas outside the Pampa, pastures are usually unimproved and not intensively managed; their carrying capacity per acre is low. Most of the areas to the west and the north are semiarid; there the soil is less fertile than that in the Pampa, few improved pastures exist, and transportation facilities are limited.

Throughout Argentina, and especially in the Pampa, livestock operations tend to be large. The 1960 census data for that country indicate that the herds of more than 120 enterprises in the Pampa exceed 10,000 cattle. Nearly half of the cattle in that region are in herds of 1,000 head or more. For the country as a whole losses from exposure and disease are generally high, and productivity is low. Cattle deaths from all causes reportedly reduce Argentina's annual production of beef and veal by as much as 20 percent. The Government is now engaged in an extensive program designed to eradicate foot-and-mouth and other diseases.

Government control over the Argentine meat industry is exercised mainly through the National Meat Board, which is composed

of representatives of the Government, the meatpackers, and the growers. The principal function of the Meat Board is to promote animal husbandry and to encourage exports. The Argentine Ministry of Agriculture and Livestock is responsible for inspecting the operations of packinghouses and grading the meat for export.

Exports.--Argentina's exports of beef and veal, which consist chiefly of chilled carcasses, frozen boneless meat, and frozen carcasses, in that order, amounted to about 1.2 billion pounds in 1963, compared with 0.9 billion in 1962 (table 8). In each of these years, nearly 50 percent of the exports went to the United Kingdom, and 31 percent to the EEC; other European countries received most of the remainder. <sup>1/</sup> Argentina's shipments to the United Kingdom consisted predominantly of chilled beef (mostly carcass beef). The shipments to continental Europe were chiefly of frozen boneless meat for processing, and of frozen and chilled carcass beef. Since late 1963, weather conditions have been favorable and growers have been withholding cattle from slaughter for herd expansion. Concurrently, the domestic consumption of beef has remained at a high level and the beef supplies available for export have declined. Accordingly, producers in Argentina have had difficulty in fulfilling their export commitments.

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<sup>1/</sup> Argentina's exports of beef and veal to the United States consist entirely of processed products--principally canned corned beef.

Early in May 1964, the Government of Argentina issued a series of decrees designed to regulate domestic and export sales, with a view to maximizing the available supply of beef and veal for domestic consumption and exportation.

### Uruguay

Agriculture and related food-product industries account for more than half of Uruguay's gross national product. Exports of livestock products (principally wool, meat, and meat products) account for the bulk of Uruguay's commodity exports. In 1961, the beef and veal accounted for nearly a tenth of the value of all exports.

Production.--Notwithstanding marked year-to-year fluctuations in Uruguay's annual production of beef and veal, the recent trend has been slightly upward (table 7). Although the average annual output rose from 543 million pounds in 1958-59 to 626 million pounds in 1962-63, production in the latter period was only about 2 percent higher than in 1951-55.

In Uruguay, cattle are raised in nearly all regions. Its cattle population is estimated to have been 8.7 million head in 1964, compared with 7.4 million in 1958 (table 9). Virtually all the cattle--most of which are Herefords--are grass fed and fattened, usually on the same land as sheep. The carrying capacity of most of the pastures tends to be limited largely

because of frequent droughts. Generally, Uruguayan cattle attain slaughter weight when they are 3 to 4 years of age. Average productivity is low because of nutritional deficiencies and the prevalence of foot-and-mouth and other diseases. Most of the beef and veal exported from Uruguay is processed by four large packing plants. Unlike the meat sold for domestic consumption, that produced for export is graded and inspected under Government supervision. Most exported beef would probably grade Commercial or Good by U.S. standards.

Exports.--Uruguay's annual exports of beef and veal rose almost without interruption from 37 million pounds (product weight) in 1958, to about 140 million in 1963 (table 8). Such exports, however, were not appreciably higher in 1963 than in the early 1950's. Its exports of chilled beef, which accounted for nearly half of the volume shipped abroad in 1963, were sold almost exclusively to the United Kingdom. Its exports of frozen beef went principally to the European Economic Community. 1/

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1/ Uruguay's exports of beef and veal to the United States consist entirely of processed products.

## Canada and Mexico

Cattle raising in Canada and in northern Mexico is similar to that in contiguous areas of the United States. For many years there has been considerable trade in breeding stock between the border areas of the United States and adjacent areas in those two countries. Trends in the beef-cattle population of the three countries have been similar. The beef exported from Canada and Mexico to the United States has been principally in the form of live animals--chiefly feeder and stocker calves destined for domestic feedlots in areas near the Canadian and Mexican borders. The volume of such trade varies greatly from year to year, reflecting relative market conditions in the United States and each of these two countries. Recent trends in the U.S. imports of cattle from Canada and Mexico are discussed in detail in the chapter on U.S. imports.

Canada

Canada's agricultural policy has long been oriented to the exportation of grain rather than meat and livestock. Its small exports of beef and veal have gone chiefly to the United States. Such shipments, however, have generally not been significantly greater than the imports of like products from the United States.

Production.--The Canadian output of beef and veal amounted to 1.4 billion pounds in 1957--a record level up to that time. During 1958-62, the annual production ranged between 1.3 billion pounds and 1.4 billion pounds; in 1963 the output amounted to 1.5

billion pounds (table 7). In 1958 the number of cattle on Canadian farms totaled 10.3 million head and in 1959, 10.1 million. Thereafter, the annual cattle population rose without interruption, reaching about 11.6 million head in 1964 (table 9).

The production of cattle in Canada is confined largely to a strip of land 200 miles wide extending along the U.S. border from the Atlantic Ocean to the Pacific Ocean. The bulk of the beef cattle are located in the three prairie Provinces--Alberta, Saskatchewan, and Manitoba; most of the remainder are in the eastern Provinces of Ontario and Quebec. Throughout Canada the Hereford is the predominant beef breed although in some regions--viz, northern Alberta--Shorthorns are popular. In recent years, Herefords have been crossbred with Angus cattle, particularly in the southern part of the prairie Provinces.

In the prairie Provinces most of the cattle are raised in conjunction with grain farming, but substantial numbers are also grazed on large ranches, with supplemental feeding during the winter. The ranches in this area produce most of the feeder calves and steers that are shipped to feedlots in eastern Canada or to the United States. Intensive cattle feeding has recently increased in the prairie Provinces, principally in southern Alberta, where sugar-beet byproducts and grain (chiefly wheat, oats, and barley) are available. In eastern Canada, the operations range from small diversified farms that raise and feed a

few cattle to large feedlots that handle as many as 5,000 head of cattle. A typical feedlot reportedly handles about 500 head of cattle. In this area, alfalfa and oilseed meal, which is imported from the United States, are used extensively for feed. Byproducts derived from the production of sugar beets, vegetables, and wheat flour are also important feeds.

One of the principal differences between the production of cattle in the United States and Canada is the degree of finish to which the animals are fed; Canadian slaughter animals are generally leaner than U.S. slaughter animals. In recent years, however, an increasing share of the Canadian slaughter cattle has consisted of animals yielding beef comparable in quality to U.S. Choice.

Under Canada's Agricultural Stabilization Act, which became effective in 1958, cattle prices are supported at 80 percent of a 10-year moving average of market prices; the Government purchases carcass beef when cattle prices fall below the support levels. To stimulate production in eastern Canada, payments are made to feedlot operators to offset the freight charges for feed grains purchased from the western Provinces. Under the Prairie Farm Rehabilitation Act, passed in 1955, arid and abandoned wheat lands in the prairie Provinces are being reclaimed and irrigated for use as community pastures. Ranchers pay a monthly usage fee based on the number of cattle grazed on these lands.

Foreign trade.--Canada's exports of beef and veal totaled 55 million pounds (product weight) in 1958; its annual exports ranged between 20 million pounds and 31 million pounds in 1959-63 (table 8). In each of the years 1960-63 the exports were slightly smaller than the imports of such products.

### Mexico

Virtually all Mexico's production of beef and veal is consumed domestically. In 1963, Mexico supplied about 7 percent of the total U.S. imports of fresh, chilled, or frozen beef and veal, and ranked fourth--after Australia, New Zealand, and Ireland--among the foreign suppliers of such products.

Production.--The annual production of beef and veal in Mexico averaged about 945 million pounds in 1958-62 (table 7). In that period the output in any 1 year varied from the annual average by less than 7 percent. In 1963, however, the output reached 1,119 million pounds, owing in part to increased slaughter induced by drought. The trend in cattle numbers was upward during 1958-63; in 1964 the cattle population was estimated at 24.5 million head, compared with 18.9 million in 1958 (table 9). Most of the gain was attributable to an increase in beef cattle.

Although cattle are produced in virtually all areas of Mexico, the central, the northern, and the eastern Gulf States account for the bulk of the output. Except in areas adjacent to population centers, where the dairy industry is concentrated,

beef breeds predominate. In Mexico little or no feed is stored on farms or ranches to carry beef cattle through dry seasons. Except in the eastern gulf area, losses due to drought are generally heavy. In the north, where grazing resources have been inadequate to permit fattening on a large scale, growers have concentrated on the production of calves for the U.S. market. In other areas the production of beef cattle is largely for home consumption. Throughout the country, average meat production per animal is low. Modern herd management and breed-improvement programs are not widespread.

In recent years, feedlots have been established near Mexico City (chiefly for the domestic market) and in the north (chiefly for the export market). In the latter area the growing of feed on irrigated land is expanding; substantial supplies of cottonseed meal are also available for feed. To supplement its domestic supplies, Mexico also imports feed from the United States. The following tabulation shows the annual U.S. exports of corn

(except seed corn) and grain sorghum to Mexico in 1957-63 (in millions of bushels): 1/

<u>Year</u>	<u>Corn (except seed corn)</u>	<u>Grain sorghum</u>
1957-----	30.5	1.8
1958-----	31.7	.4
1959-----	1.2	.3
1960-----	.9	.4
1961-----	1.5	1.3
1962-----	3.2	2.5
1963-----	13.6	5.6

Early in 1963, because of a serious drought during the preceding year, the Government of Mexico obtained credit indirectly from the United States to finance the purchase of a large amount of corn for human consumption and a smaller amount of grain sorghum for livestock feed. The Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture extended credit to responsible U.S. exporters for the purchase of the required grain from the CCC stocks at domestic market prices. These exporters arranged for the shipments of the grain to the Mexican importers. The credit for corn covered 7.6 million bushels, valued at \$11.3 million; that for grain sorghum covered 0.4 million bushels, valued at \$0.5 million. 2/ In 1963, as shown above, the United States exported 13.6 million bushels of corn to Mexico, and 5.6 million bushels of grain sorghum. Inasmuch as the credit arrangements

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1/ Compiled from official statistics of the U.S. Department of Commerce.

2/ On the grain sorghum and 1.7 million bushels of the corn, the loan was for 12 months, at 4 percent interest; the loan on the remainder of the corn was for 36 months, at 4-1/2 percent interest.

described above facilitated the shipments of only 0.4 million bushels of grain sorghum for livestock feed, they could not have had any measurable effect on Mexico's livestock production, nor on its exports of livestock products to the United States.

Although most of the cities of Mexico have municipal slaughtering facilities, few of the plants are modern. During the period 1946-55, when the United States embargoed imports of live cattle from Mexico because of foot-and-mouth disease, 1/ some 20 packinghouses were constructed in northern Mexico to provide an outlet for cattle produced in that area. Most of these are modern, sanitary, and efficiently operated. Since 1955 Mexico has utilized variable export quotas for cattle to assure adequate supplies of slaughter animals for these plants. Only slaughterhouses assigned export quotas are permitted to export beef and veal. 2/

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1/ From 1946 to 1955 (except during the period Sept. 1, 1952, through May 22, 1953) the United States embargoed imports of cattle and calves from Mexico because of foot-and-mouth disease in that country.

2/ As a revenue measure, Mexico imposes taxes on exports of many products, including cattle and certain grades of meat. The taxes on cattle vary according to the type and weight of the animals; for those shipped to U.S. feedlots, the export tax ranges from approximately \$5 per head on the light-weight cattle to about \$10 per head on the heavier animals. In February 1964, the Government reduced by 50 percent the export taxes on cattle fattened in feedlots in northern Mexico for a 2-month period prior to their exportation; the reduction is limited to 10 percent of the total number of cattle exported from that region. The export taxes on Mexico's foreign shipments of beef and veal vary inversely with the grade of meat and the degree of processing. The tax on fresh, chilled, or frozen boneless beef, which accounts for most of Mexico's exports to the United States, amounts to about 35 cents per hundred pounds.

Exports.--In the years 1958-62, annual exports of beef and veal from Mexico ranged between 41 million pounds and 66 million pounds (product weight); in 1963, 72 million pounds were exported (table 8). Although Mexico has recently endeavored to expand its export markets for beef and veal, particularly in Europe, the great bulk of its export sales have been to the United States. 1/

#### Central America

In recent years the aggregate annual production of beef and veal in the four Central American Republics herein considered (Costa Rica, Guatemala, Honduras, and Nicaragua) has increased rapidly, reflecting the policies of their Governments to increase output for both domestic consumption and exportation. In 1963, their estimated output of beef and veal amounted to about 225 million pounds, compared with 189 million in 1958 (table 7).

Since 1958 an increasing share of the annual production in Central America has been exported, chiefly to the United States. The aggregate annual exports from Central America rose without interruption from about 3 million pounds (product weight) in 1958 to about 64 million pounds in 1963. U.S. imports from the four countries accounted for about 7 percent of the fresh, chilled, or frozen beef and veal imported from all sources in 1963. In that

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1/ In May 1964, quantitative restrictions were imposed by Mexico on its exports of beef and veal to the United States (see the chapter on U.S. imports).

year about 20 percent of the U.S. imports from these four countries entered through the customs district of Puerto Rico; such shipments consisted chiefly of table beef, whereas those to the continental United States were comprised principally of boneless beef.

Although each of these countries increased their shipments of beef and veal to the United States from 1958 to 1963, none individually are significant suppliers. In 1963, for example, U.S. imports from Nicaragua, the largest supplier of the four, were equivalent to only 2 percent of U.S. total imports of such products.

Cattle numbers in these four Central American countries increased from an aggregate of about 4.6 million head in 1958 to about 6.0 million in 1964 (table 9). Although each country recorded gains, the rate of growth has been greater in Honduras and Nicaragua than in the other two. In Central America cattle are generally grazed on unimproved pastures. While grain feeding is practiced in some countries during the dry season, the bulk of the slaughter animals are grass fattened. Although Central America is free of foot-and-mouth disease, losses from other diseases and from malnutrition are high. Accordingly, productivity is low, in terms of both calf production and meat yield. Management practices tend to be poor by modern standards, but they are being improved in some areas as the Governments endeavor to encourage output and expand the exports of meat.

## U.S. IMPORTS OF CATTLE, BEEF, AND BEEF PRODUCTS

U.S. imports of beef and beef products have increased markedly in recent years; they supplied about 9 percent of U.S. consumption in 1963. Imports of cattle have fluctuated widely from year to year; in no recent year have they equaled as much as 4 percent of either the births of calves in the U.S. or the slaughter of cattle.

Cattle

For the most part, imported cattle are similar in type and quality to domestic animals. Imported and domestic cattle move in the same channels of trade and command comparable prices. Purebred cattle imported into the United States solely for breeding purposes enter free of duty; they come chiefly from Canada. Purebred cattle contribute principally to the improvement of U.S. herds and thus eventually enhance the quality of cattle available to feedlot operators and dairymen. The dutiable imports are classified as follows: Those weighing less than 200 pounds each, those weighing 200 pounds or more but less than 700 pounds each, and those weighing 700 pounds or more each. In the last weight class, cows for dairy use are classified separately. The dutiable cattle imported for feeding are directly competitive with the feeder animals produced in the United States; a similar observation may be made with respect to those imported for immediate slaughter.

The imports of dairy cows add directly to the beef supply only after their usefulness for dairy purposes has ended, generally after a lapse of several years.

In the period 1958-63 the annual aggregate imports of dutiable cattle ranged from 645,000 head to 1,232,000 head, 1/ while the annual net births (total calves born less the deaths of calves during the year) rose from 36,562,000 to 39,334,000, as shown in the following tabulation:

<u>Year</u>	<u>Imports</u> (1,000 head)	<u>Net births</u> (1,000 head)
1958-----	1,126	36,562
1959-----	688	36,563
1960-----	645	36,822
1961-----	1,023	37,532
1962-----	1,232	38,484
1963-----	834	39,334

The aggregate net births in the 6-year period 1958-63 amounted to 225 million head. In contrast, the aggregate dutiable imports in that period totaled only about 6 million, an amount equal to about 2 percent of the aggregate net births. Dutiable imports equaled nearly 3 percent 2/ of the U.S. cattle slaughter of 205 million head (including animals of foreign birth) in the same period.

1/ In 1958-63 the annual imports of duty-free cattle for breeding purposes ranged between 18,000 head and 26,000 head (table 10).

2/ In the cattle trade imports of cattle are generally considered to be complementary to the domestic beef-production program. As stated at the hearing, "Unlike imported beef, these cattle utilize United States produced feed grains, labor, transportation, provide a base for local taxes, and thus contribute to the United States economy." (Transcript of the hearing, p. 75.)

In view of the high costs of transporting live animals long distances and as a result of U.S. disease-prevention regulations, 1/ virtually all the U.S. imports of cattle come from Canada and Mexico (table 11). In recent years the bulk of the imports have consisted of cattle weighing between 200 pounds and 700 pounds each, of which Mexico supplied from 60 to 80 percent. The average weight of the animals in this category was about 400 pounds. The Mexican cattle went principally to nearby feedlots in the southwestern United States, whereas the entries from Canada went largely to feedlots in the Corn Belt and northern plains States.

The annual imports of cattle (other than dairy cows) weighing 700 pounds or more each averaged about 100,000 head during 1961-63. Most of such imports from Canada, by far the principal supplier, were slaughtered principally in the northern States following a period of feeding. The imports of dairy cows, generally negligible, were supplied almost entirely by Canada. The annual imports of cattle weighing less than 200 pounds each were negligible; they averaged about 56,000 head in 1961-63. The entries from Canada consisted chiefly of veal calves from dairy breeds; such calves entered, for the most part, during the spring calving season and are believed to have been slaughtered in eastern States soon after importation. Most of the imports from Mexico consisted of calves from beef breeds for entry into domestic feedlots.

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1/ See the chapter on U.S. customs treatment and other import restrictions.

Beef and beef products

As noted earlier, the bulk of the recent U.S. imports of beef have consisted of frozen, boneless, lean meat (derived from grass-fed cattle) used primarily in the production of manufactured beef products, including hamburger, frankfurters, bologna, canned preparations, and frozen prepared dinners. 1/ Nearly all such imported beef has been generally comparable in quality to U.S. grades of Cutter or Canner. The remainder of the imports, which have consisted largely of processed products made from beef of higher quality, have included small but increasing quantities of beef for consumption as table beef. 2/

Importers of beef and veal include brokers, jobbers, domestic processors, packers (including domestic branches of international companies), and the U.S. agents of foreign packinghouses. A few concerns account for the bulk of the entries. Ten firms generally handle about 60 percent of the annual imports of boneless beef from Australia, the principal foreign supplier. Most of the boneless beef has been entered by concerns that take title to the product

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1/ All shipments of foreign beef, veal, and beef products received in the United States are inspected for wholesomeness by officers of the Meat Inspection Division of the U.S. Department of Agriculture (see the chapter on U.S. customs treatment and other import restrictions). As indicated earlier (p. 18), about a fourth of the U.S. cattle slaughter occurs in plants not subject to Federal inspection. The beef derived from such slaughter may be subject to inspection by State or local authorities; none of it may move in interstate commerce.

2/ Information obtained from the trade indicates that in 1963 the imports of the beef for consumption as table beef probably did not exceed 10 percent of the total imports of fresh, frozen, or chilled beef.

before it leaves the foreign port; usually such importers have customers for the beef before it arrives in the United States. A small part of the imports are sold ex-dock or from domestic warehouses. Occasionally, users of imported beef contract for their purchases through brokers. Concerns that make firm commitments on the meat must anticipate the market 2 to 3 months in advance and bear the risk of price changes while the beef is in transit. Loss or damage during shipping is ordinarily covered by insurance.

Before 1958, annual U.S. imports of beef and veal were small; in most years they were equivalent to less than 0.3 billion pounds, carcass weight, and consisted principally of canned corned beef and canned roast beef. 1/ In 1958, however, imports totaled 0.9 billion pounds; thereafter annual imports generally exceeded that amount (table 2). In 1962 the aggregate imports amounted to 1.5 billion pounds and in 1963, to 1.7 billion pounds, the highest level on record. Virtually all the increase in imports consisted of frozen boneless beef. 2/ Imports of such beef, together with those of fresh and chilled boneless beef (which are not reported separately), rose almost without interruption from 0.5 billion pounds in

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1/ For many years imports have supplied almost all of the U.S. consumption of canned corned beef.

2/ Since most of the imported beef is used for manufacturing, it is imported principally in boneless form. Savings in transportation costs and in the U.S. import duty, as well as the somewhat lower boning costs abroad, have encouraged the shipment of beef in that form.

1958--when they were equivalent to 46 percent of the total imports of beef and beef products--to about 1.4 billion pounds in 1963, when they amounted to 83 percent of the total. The imports of canned beef, which accounted for 13 percent of the total imports in 1963, were equivalent to about 0.2 billion pounds (carcass weight) annually during 1958-63. The imports of other beef products have been small in recent years.

As indicated earlier, the predominant bulk of the imported boneless beef is used interchangeably with domestically produced cow and bull beef in the production of processed meat products. Notwithstanding the sharp rise in the imports of boneless beef from 1958 to 1963, the estimated U.S. supply of such manufacturing beef (domestic cow and bull beef plus imports of boneless beef), which had totaled 4.2 billion pounds in 1957, declined to 3.6 billion pounds in 1958, remained at that level during the 3 years 1959-61, and then rose to 4.1 billion pounds in 1962 and to 4.2 billion pounds (the level of 1957) in 1963. <sup>1/</sup> The ratio of imported boneless beef to the domestic output of cow and bull beef increased from 2 percent in 1957 to 50 percent in 1963, as shown in the following tabulation:

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<sup>1/</sup> Estimates of the domestic steer and heifer beef (rough cuts and trimmings) that were used for processing in 1958 and 1963 are shown on p. 43. Because of its fat content, however, such steer and heifer beef is not generally considered to be substitutable for the leaner imported boneless beef or the manufacturing beef derived from domestic cows and bulls.

Year	Domestic production of cow and bull beef	Imports of boneless beef	Ratio of imports to domestic production
	<u>Billion pounds, carcass weight</u>	<u>Billion pounds, carcass weight</u>	<u>Percent</u>
1957-----	4.1	0.1	2
1958-----	3.2	.4	12
1959-----	2.9	.7	24
1960-----	3.0	.6	20
1961-----	2.8	.8	29
1962-----	2.9	1.2	41
1963-----	2.8	1.4	50

In the period 1958-63 the annual imports of boneless beef from Australia rose almost without interruption, from 16 million pounds (product weight 1/) to 509 million pounds, while imports from New Zealand increased from 152 million pounds to 214 million pounds (table 12). The increased shipments from these two countries together accounted for 85 percent of the total increase in U.S. imports of boneless beef from 1958 to 1963. In 1963 they supplied 77 percent of such imports of beef.

Although the entries of boneless beef from other countries have also increased in the past few years, they have remained small relative to the entries from Australia and New Zealand. The imports from Ireland, recently the third leading foreign supplier, rose from 24 million pounds in 1958 to 72 million pounds in 1963; the combined imports from the Central American countries rose by

1/ One pound of boneless beef, product weight, is equivalent to about 1.5 pounds of carcass.

smaller amounts. In the same period the imports from Mexico ranged between 37 million pounds (in 1960) and 68 million pounds (in 1958); they amounted to 67 million pounds in 1963.

The bulk of the imports of boneless beef from Australia, New Zealand, Ireland, and the United Kingdom have entered at North Atlantic ports, principally New York (table 13). Most of those from Latin America have entered through the customs districts of the South Atlantic and South Central States, while those from Canada have entered through the northern customs districts.

A number of concurrent developments in the United States and in the principal foreign cattle-producing areas, particularly Australia and New Zealand, contributed to the marked rise in the U.S. imports of boneless beef. In the United States an appreciable yearly increase in the demand for processed beef products was accompanied by a decline in the number of cows and bulls slaughtered. 1/ Meanwhile, the foreign supply of beef had also increased, and additional amounts were available for export to the United States. Moreover, as previously indicated, the producers in the major exporting countries endeavored--generally with governmental assistance--to improve and standardize the quality of their shipments to the United States. Their efforts, particularly in Australia and New Zealand, met with a significant measure of

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1/ See the chapters on U.S. consumption and production.

success. The imported boneless beef from those two countries, virtually all entered by "approved" U.S. importers, has been uniformly well trimmed and carefully packed.

In February 1964 the Governments of Australia, New Zealand, and Ireland agreed to limit their annual exports of certain meats (including beef) to the United States. In May 1964 the Government of Mexico signed a similar agreement. Each of the agreements, which may be canceled by either party on 180 days' notice, is subject to renegotiation after 3 years. The export quotas for each country during the 3 years 1964-66 are shown in the following tabulation (in millions of pounds, product weight):

Country and type of meat <sup>1/</sup>	1964	1965	1966
Australia: Beef, veal, and mutton-----	542	562	582
New Zealand: Beef and veal-----	231	240	249
Ireland: Beef and veal-----	76	79	82
Mexico: Beef and veal-----	66	69	71

<sup>1/</sup> Includes all forms except canned, cured, and cooked meat and live animals.

The quota limitations specified for 1964 in the four agreements represent approximately the average annual U.S. imports from the respective countries of the designated products in the 2 years 1962-63. The average annual imports of boneless beef from the four countries combined in 1962-63 were about 6 percent smaller than the corresponding imports in 1963. Early in April 1964, however, the

Government of Australia indicated that the shipments of Australian meat (beef, veal, and mutton) to the United States would probably be 29 percent smaller in 1964 than in 1963. Similar information was received from trade sources in New Zealand. <sup>1/</sup> Subsequent reports indicated that total U.S. imports of beef and veal during 1964 would probably be no larger than the annual average imports during 1959-63. <sup>2/</sup> Average annual imports of boneless beef in 1959-63 were about 33 percent smaller than the imports of such beef in 1963. The projected low level of imports reflected a shortage of beef in European markets that has been developing since 1963. Reports from the trade indicate that the rising prices of beef in the United Kingdom and other European countries during the spring and early summer months of 1964 are attracting supplies from Australia, New Zealand, and other countries, including the United States. Beef-exporting countries are likely to direct their shipments of beef, particularly of the grades suitable for sale in the form of bone-in quarters, to the high-price markets of Europe rather than to the United States.

In recent years about two-fifths of the imports of boneless beef have entered during the late summer and early fall; the remainder have been fairly evenly distributed throughout the other

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<sup>1/</sup> U.S. Department of Agriculture release No. 1123-64, Apr. 6, 1964.

<sup>2/</sup> U.S. Department of Agriculture release No. 1905-64, June 9, 1964.

months of the year (table 14). Because of the seasonality of U.S. imports of boneless beef and the fact that such imports are generally contracted for 2 to 3 months in advance, the official import statistics for January-April 1964 (the latest period for which such data are available) do not fully reflect the low level of imports anticipated during 1964. U.S. imports of boneless beef were 10 percent smaller in January-April 1964 than in the corresponding period of 1963.

The developments noted above have no doubt contributed to a rise in the U.S. prices of imported frozen, boneless, cow beef during the early months of 1964. The following tabulation shows the average price quotations for such beef and for domestic fresh, boneless cow beef in selected months of 1962-64 (in cents per pound): 1/

	<u>Imported</u> <u>cow beef</u>	<u>Domestic</u> <u>cow beef</u>
1962:		
July-----	39.0	43.0
October-----	39.5	42.1
1963:		
January-----	39.0	41.4
April-----	37.4	42.2
July-----	38.2	41.8
October-----	38.0	40.8
1964:		
January-----	36.1	39.1
April-----	40.9	42.7
June-----	37.4	41.8

1/ Computed from the Tuesday price quotations, as reported by the National Provisioner Daily Market Service. The quotations for imported beef refer to frozen, boneless, cow beef, 90 percent visual lean, f.o.b. port of entry, 30-day delivery; those for domestic beef refer to fresh, boneless, cow beef of Cutter and Canner grades, at Chicago, carlot basis. The averages for June 1964 are based only on quotations for June 2 and 9.

The U.S. imports of fresh, chilled, or frozen bone-in beef were supplied principally by countries in the western hemisphere during 1958-63 (table 15). The annual imports from New Zealand declined during that period, while those from Australia increased. In 1963 Mexico was the leading supplier of bone-in beef, followed by Australia, New Zealand, Nicaragua, and Canada. In 1962 and 1963 Puerto Rico was the leading customs district for U.S. imports of bone-in beef (table 16).

The small imports of fresh or frozen veal in 1958-63 came largely from New Zealand; Canada and Australia supplied most of the remainder (table 17). In 1963 more than half of the imports of veal entered at North Atlantic ports, and most of the remainder, at west coast ports (table 18).

In recent years imports of beef and veal products have consisted largely of canned corned and canned roast beef (table 19); the remainder have been comprised of pickled or cured beef (table 20) and miscellaneous beef and veal products classified as "prepared or preserved" (table 21). The annual imports of these products declined from 440 million pounds (carcass weight) in 1958 to 246 million pounds in 1963 (table 2). Virtually all the entries of canned beef--the most important class of beef products--have come from Latin America and have entered the United States principally through the Atlantic and gulf-coast ports (table 22).

## PRICES RECEIVED BY DOMESTIC PRODUCERS

A number of price series for cattle and beef are regularly published by agencies of the U.S. Government and by private firms. The price series for Choice slaughter steers at Chicago, as reported by the U.S. Department of Agriculture, is generally regarded as indicative of prices received by the producers for cattle used primarily for table beef. Similarly, the price series reported by that Department for Cutter and Canner cows at Chicago is considered to be representative of the prices for animals used primarily to produce manufacturing beef. The series for Choice feeder steers (in the 500- to 800-pound weight class) delivered at Kansas City, Mo., is indicative of the prices of cattle sold to domestic feedlots. Wholesale prices received for Choice steer and Canner beef (f.o.b. Chicago), also published by the Department of Agriculture, are used for the discussion of meat prices.

Cattle

The prices received by producers for cattle reflect the interaction of numerous forces, including the numbers and grades of cattle sold for feeding and for slaughter; the timing of the delivery of these cattle to market; the total U.S. supply of beef, veal, and competing meats, and the relative prices thereof; the

prices of byproducts derived from cattle; consumer preferences for beef over other meats and poultry; and the general level of disposable personal income, and the distribution thereof.

The major determinant of the price of Choice slaughter cattle is the relationship between the number and average weight of the fed cattle delivered for slaughter and the demand for table beef. The price paid for feeder cattle produced by cow-calf operators reflects not only the current availability of such cattle but also the feedlot operators' estimates of the future market price for fed cattle in relation to cost of feed and other operating expenses. On the other hand, the price of Cutter and Canner cattle, the supply of which is derived chiefly from cows and bulls culled from beef and dairy herds, is determined primarily by the number of such animals delivered for slaughter, the supply of and demand for manufacturing beef, and the general level of cattle prices.

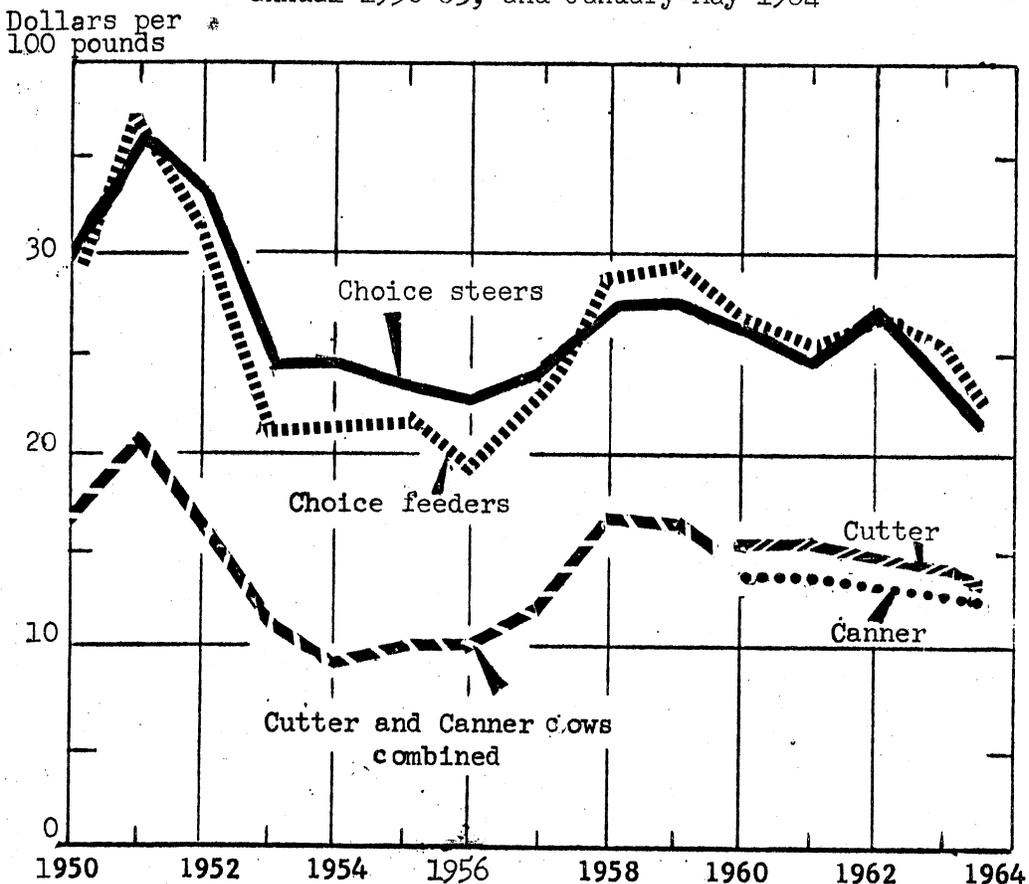
Following the termination of price controls in the early postwar years, the trend of the prices received for cattle was upward; during the Korean conflict such prices reached record highs. Before the Korean conflict ended, however, the U.S. supply 1/ of meat increased sharply. Concurrently, the prices of Choice slaughter and feeder steers, Cutter and Canner cows, and other

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1/ Throughout this section, the term "U.S. supply" refers to domestic production plus imports (including processed products) of beef, veal, and the principal competing meat products, namely pork, lamb, mutton, and poultry.

livestock declined. The prices of cattle were materially lower than in 1951 (fig. 7). From 1951 to 1956, the domestic production of beef and veal increased by 6.2 billion pounds; the imports of such products, which were small and consisted almost entirely of canned and other processed beef, declined by nearly 0.3 billion pounds during the same interval. Concurrently, the total U.S. supply of other meat and poultry rose significantly (fig. 8).

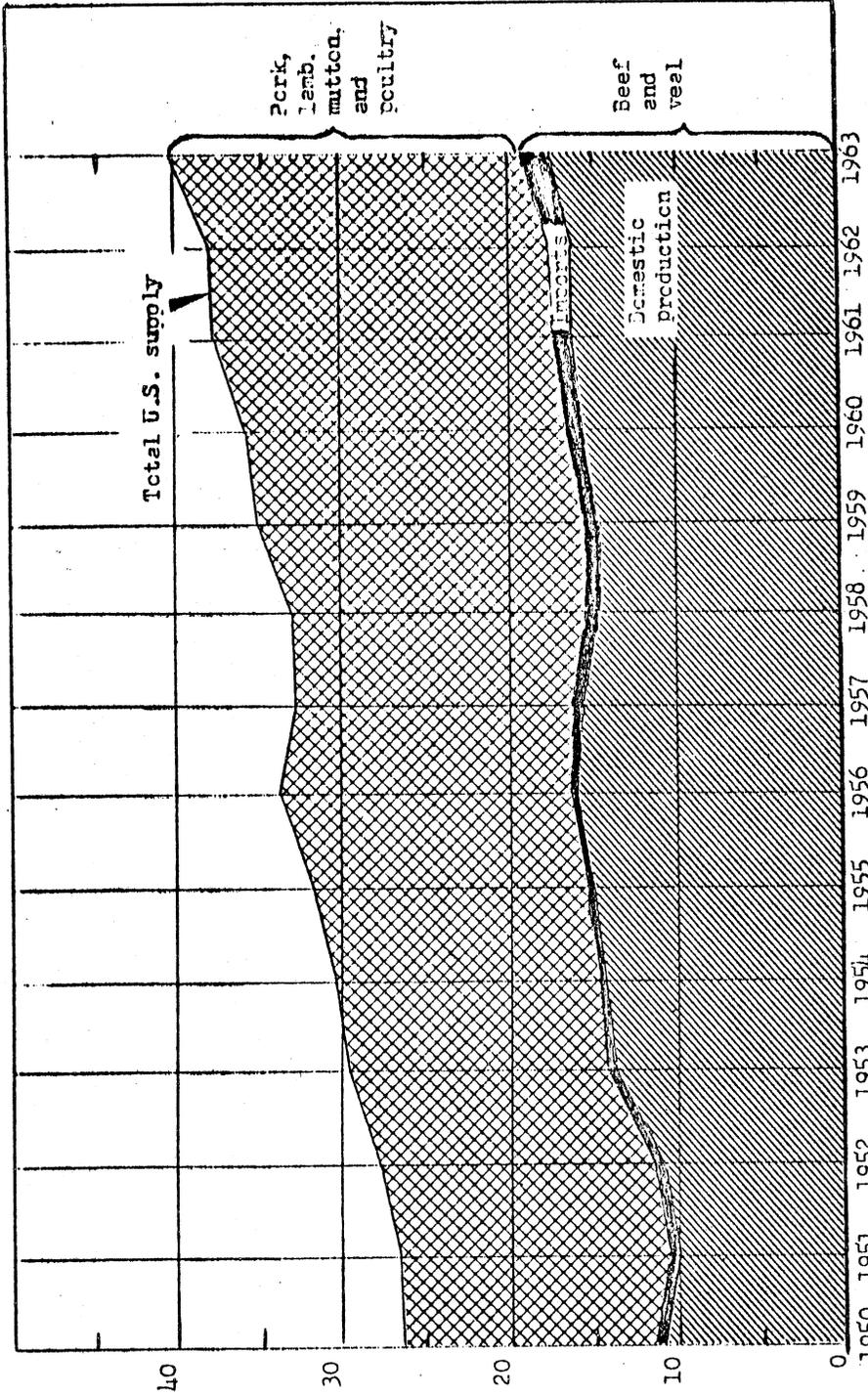
Figure 7.--Prices of selected classes of cattle, annual 1950-63, and January-May 1964



Source: Official Statistics of the U.S. Department of Agriculture

Figure 8.--U.S. supply of meat and poultry, 1/ 1950-63

Billion pounds



1/ U.S. production, plus imports, of beef, veal, pork, lamb, mutton, and poultry; includes processed products.

Source: Official statistics of the U.S. Departments of Agriculture and Commerce.

During 1956-59 the domestic production of beef and veal declined. That decline was accompanied by an increase in the imports of fresh and frozen beef as well as an increase in the total U.S. supply of other red meat and poultry. Although the prices received for cattle rose markedly in that period, they did not reach the high levels that had prevailed in the early 1950's. After 1959, when the U.S. supply of all red meat and poultry increased annually to successive record levels, the trend in the prices received for cattle was downward. Although the annual imports of beef and veal (including canned and processed) increased by about 56 percent from 1959 to 1963, they accounted for only about a sixth of the increase in the total U.S. supply of beef and veal and for about an eighth of the increase in the U.S. supply of all red meat and poultry.

Choice slaughter and feeder steers.---The average annual price received for Choice fed steers delivered for slaughter at Chicago increased from \$29.68 per hundred pounds in 1950 to \$35.96 per hundred in 1951 but then declined to \$22.30 in 1956 (table 23). The trend in the prices received for feeder steers at Kansas City in 1950-56 was similar to that for slaughter steers, but the annual fluctuations were somewhat greater. The average annual price of feeder steers rose from \$29.25 per hundred pounds in 1950 to \$37.04 per hundred pounds in 1951 but then declined to \$19.67 in 1956. Inasmuch as imports of beef and veal declined from about 0.5 billion pounds to 0.2 billion pounds from 1951

to 1956, they could not have been a significant factor in the decline in the average annual prices of cattle which occurred during that period. That decline is attributable principally to drought-induced heavy slaughter as a result of which production of beef and veal increased by about 6.2 billion pounds in that period.

From 1956 to 1959 the annual U.S. supply of beef and veal declined by about 0.6 billion pounds; the total supply of other meat and poultry rose by about 2.1 billion pounds. The average annual price received for Choice slaughter steers at Chicago rose from \$22.30 per hundred pounds in 1956 to \$27.83 in 1959. In that year, the price was 18 percent higher than the 1953-56 annual average but about 10 percent lower than the 1951-52 average. The price of Choice feeder steers at Kansas City rose from \$19.67 per hundred pounds in 1956 to \$29.76 in 1959. The 1959 price for such cattle was 42 percent higher than the corresponding average annual price in 1953-56, but 13 percent below that of 1951-52.

As noted above, the total U.S. supply of meat increased annually to new record levels from 1959 to 1963. The total domestic production of beef and veal rose by nearly 2.8 billion pounds in that period, while the imports of beef and veal in all forms rose by 0.6 billion pounds (carcass weight).<sup>1/</sup> Concurrently, the total U.S. supply of pork increased by about 0.5 billion pounds; that of

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<sup>1/</sup> Imports of fresh and frozen beef rose 0.7 billion pounds.

poultry, by 1.1 billion; and that of lamb and mutton, by somewhat less than 0.1 billion. The average annual price of Choice slaughter steers at Chicago declined from \$27.83 per hundred pounds in 1959 to \$24.65 per hundred in 1961, rose to \$27.67 in 1962, and then dropped sharply to \$23.96 per hundred in 1963. In the first 5 months of 1964, the price of such cattle continued to decline. In May 1964 the price amounted to \$20.52 per hundred pounds, an amount about 9 percent lower than the price in the corresponding month of 1963 (table 23). The average annual prices for feeder steers moved in a similar pattern. The average price for Choice feeder steers at Kansas City declined from \$29.76 per hundred pounds in 1959 to \$25.86 in 1961. After rising to \$27.00 in 1962, the price for such cattle declined to \$25.78 per hundred pounds in 1963. The average price received for feeder steers was about 17 percent lower in May 1964 than that in the corresponding month of 1963.

Cutter and Canner cows.--Inasmuch as the great bulk of the imported beef has consisted of frozen, boneless beef used almost exclusively for manufacturing, the increasing volume of such imports in recent years has affected the prices of Cutter and Canner cows more directly than the prices of other cattle. From 1959 to 1963 U.S. annual imports of frozen, boneless beef doubled and accounted for about a fifth of the increase in the U.S. supply of

beef. In 1963, frozen boneless beef accounted for about 83 percent of the U.S. total imports of beef and beef products.

The prices of Cutter and Canner cows have also been materially influenced by the general decline in prices of other cattle, by the increased supply of manufacturing beef derived from other classes of cattle, and by the supply of competing products (e.g., mutton and pork). Counteracting these depressants, on the other hand, have been the marked increase in the demand for manufacturing meat and the substantial decline, described earlier, in the slaughter of domestic Cutter and Canner cows. <sup>1/</sup>

The average price of Cutter and Canner cows at Chicago rose from \$16.48 per hundred pounds in 1950 to \$20.93 per hundred in 1951, and then declined without interruption to \$9.60 in 1954. From 1951 to 1954 the domestic annual production of cow and bull beef rose by about 1.0 billion pounds. Imports were small and declined in that period. During 1954-57 the domestic output of beef from cows and bulls averaged about 4.2 billion pounds. Prices of Cutter and Canner cattle were depressed during 1954-56, averaging somewhat less than \$10.00 per hundred pounds. By 1957, however, the rising demand for processed meats helped push the

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<sup>1/</sup> The decline in the number of culled dairy cows described earlier reflected in part the depressed prices of Cutter and Canner cattle.

prices of Cutter and Canner cows upward. In that year, the average price for such cows was \$12.06 per hundred pounds, an amount 22 percent above the annual average for 1954-56. In 1958-59, when the annual output of beef from old cows and bulls averaged about 3.0 billion pounds, the price for Cutter and Canner cattle averaged \$16.40 per hundred pounds. With respect to Cutter cows only, the average price at Chicago in 1963 (\$14.06 per hundred pounds) was 6 percent lower than the corresponding price in 1960. The average price of Canner cows amounted to \$12.86 per hundred pounds in 1963 and was about 3 percent lower in that year than in 1960. In May 1964, the prices of both Cutter and Canner cattle were about 10 percent lower than the price for the corresponding month in 1963.

The decline in the average annual prices of Cutter and Canner cattle reflects not only the general decline in the prices received for higher grades of cattle, but also the increased annual imports of frozen, boneless beef. It also reflects the increased domestic supplies of other meats and poultry as well as those of manufacturing beef from cattle other than cows and bulls. The total domestic supply of manufacturing beef (including meat and trimmings used for hamburger) derived from all cattle other than cows and bulls increased by an amount approximately equivalent to the increase in the imports of frozen, boneless beef in the 1958-63 period.

Average prices received by farmers

The U.S. Department of Agriculture regularly publishes a price series measuring the "average prices received by farmers" for beef cattle and calves. This series represents the weighted average price received by farmers for cattle and calves (including breeding stock and animals for slaughter). As would be expected, the trend in the price so derived (table 24) is similar to the trend in the market prices of cattle discussed above.

The Department also compiles the corresponding parity prices for cattle, <sup>1/</sup> along with the parity ratio (i.e., the average price received by farmers for cattle as a percent of the parity price). For beef cattle the parity ratio reached a peak of 146 percent in 1951, after which it declined to 69 in 1956; in 1957-62 the ratio averaged 88, ranging between 77 and 98, and in 1963 it amounted to 82. The ratio was substantially higher in 1963 than in 1953-57, when the imports were insignificant. In the past decade the trend in the parity ratio for beef calves has been similar to that for beef cattle. In 1963 the parity ratio for beef cattle was at about the same level as the parity ratio for all farm products; the parity ratio for calves, however, was higher (table 24).

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<sup>1/</sup> Parity prices, which are computed and published monthly for various farm products, are "the dollars and cents prices that will give farm commodities the same buying or purchasing power the commodities had in a selected base period when prices received and paid by farmers were considered to be in good balance." (Parity Handbook, S. Doc. No. 129, 82d Cong., 2d sess., 1952.)

Beef

The price of chilled steer carcass beef of Choice grade (f.o.b. Chicago, in less-than-carload lots) averaged \$56.30 per hundred pounds in 1951, declined to \$37.89 in 1956, and then rose to \$45.24 in 1959 (table 25). Thereafter the average price for such beef declined to \$41.14 per hundred pounds in 1961; it amounted to \$44.84 in 1962 and to \$40.83 in 1963.

The indexes of average annual prices for Choice steer beef at Chicago (1953-57=100) reveal that the decline in such prices in recent years has not been significantly greater than the decline in the price of all meat and poultry (table 25). In 1963 the price index for Choice steer beef, as well as that for all meat and poultry, was about 10 percent below the 1958-59 average.

Although year-to-year changes in prices of beef and cattle were generally in the same direction, the prices of cattle characteristically fluctuated more widely than the wholesale prices of beef. From 1959 to 1961 the price of Choice steer beef declined by about 9 percent, whereas that of Choice slaughter steers declined by about 11 percent. From 1961 to 1962 the price of beef rose by about 9 percent, while the price of Choice slaughter steers rose 12 percent. From 1962 to 1963 the price of beef declined by 9 percent; that of steers declined by 13 percent. The price for Choice steer beef was 4 percent higher in 1963 than the annual average in 1953-57, whereas the price of Choice fed steers was only 1 percent higher.

The tabulation below shows the average price (per hundred pounds) of chilled carcass beef of Canner grade, carlot basis, at Chicago for each of the years 1960-63: <sup>1/</sup>

<u>Year</u>	<u>Price</u>
1960-----	\$29.92
1961-----	30.15
1962-----	29.30
1963-----	28.74

The price for Canner beef was about 2 percent lower in 1963 than in 1962, in contrast with the decline of 9 percent in the price of Choice carcass beef at Chicago.

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<sup>1/</sup> From official statistics of the U.S. Department of Agriculture; data for earlier years are not available.

## INCOME RECEIVED BY U.S. CATTLE PRODUCERS

The aggregate annual gross income received by cattle producers from the sale of cattle and calves was at higher levels in 1958-63 than in most other years since World War II. The net income derived from cattle-feeding operations, however, declined sharply from 1962 to 1963. That decline resulted from the high prices of feeder calves during the second half of 1962 and the sharp decline in prices of fed cattle during 1963. Prices of feeder calves continued to be high during the early half of 1963; prices for feed were higher during 1963 than in recent earlier years.

The aggregate annual gross income (i.e., receipts) from the sale of cattle (including calves) by the U.S. producers ranged from \$7.5 billion to \$8.3 billion in the 6-year period 1958-63 and averaged about \$7.9 billion (table 26, col. 1). This average was about 40 percent higher than that for the preceding 6-year period (during which aggregate annual gross income ranged from \$5.0 billion to \$6.3 billion). Aggregate gross income was at a record high in 1962; it was only slightly lower in 1963. The foregoing data on gross income include receipts from the sale of cattle and calves both for fattening and for slaughter. Subtracting from such data the estimated cost of inshipments of feeder cattle and calves reveals the approximate gross income from the sale of slaughter cattle only (table 26, col. 3). Thus, aggregate annual

gross income from the sale of slaughter cattle during 1958-63 averaged \$5.6 billion, or about 27 percent greater than the average for the preceding 6-year period. Such income amounted to \$5.8 billion in both 1959 and 1963; it was greater in each of those years than in other recent years.

The high level of aggregate gross income in the period 1958-63 from sales of slaughter cattle resulted from both the high prices received and the large volume of sales during that period. The average annual prices received for slaughter cattle were materially higher and the average annual volume sold was materially larger in 1958-63 than in the preceding 6-year period. The slight increase in annual gross income from 1962 to 1963, however, was attributable solely to the larger volume of sales in 1963; prices were substantially lower in that year than during the preceding year.

Although data showing the gross income from the sale of cattle are available, data showing the profitability of U.S. cattle-producing operations are not. The U.S. Department of Agriculture, however, publishes data on net income for four "typical" farms or ranches that receive at least two-thirds of their receipts from the sale of cattle. These "typical" farms are statistical models constructed in large part from information obtained from cattle producers. 1/ Changes in the net income for each of the four

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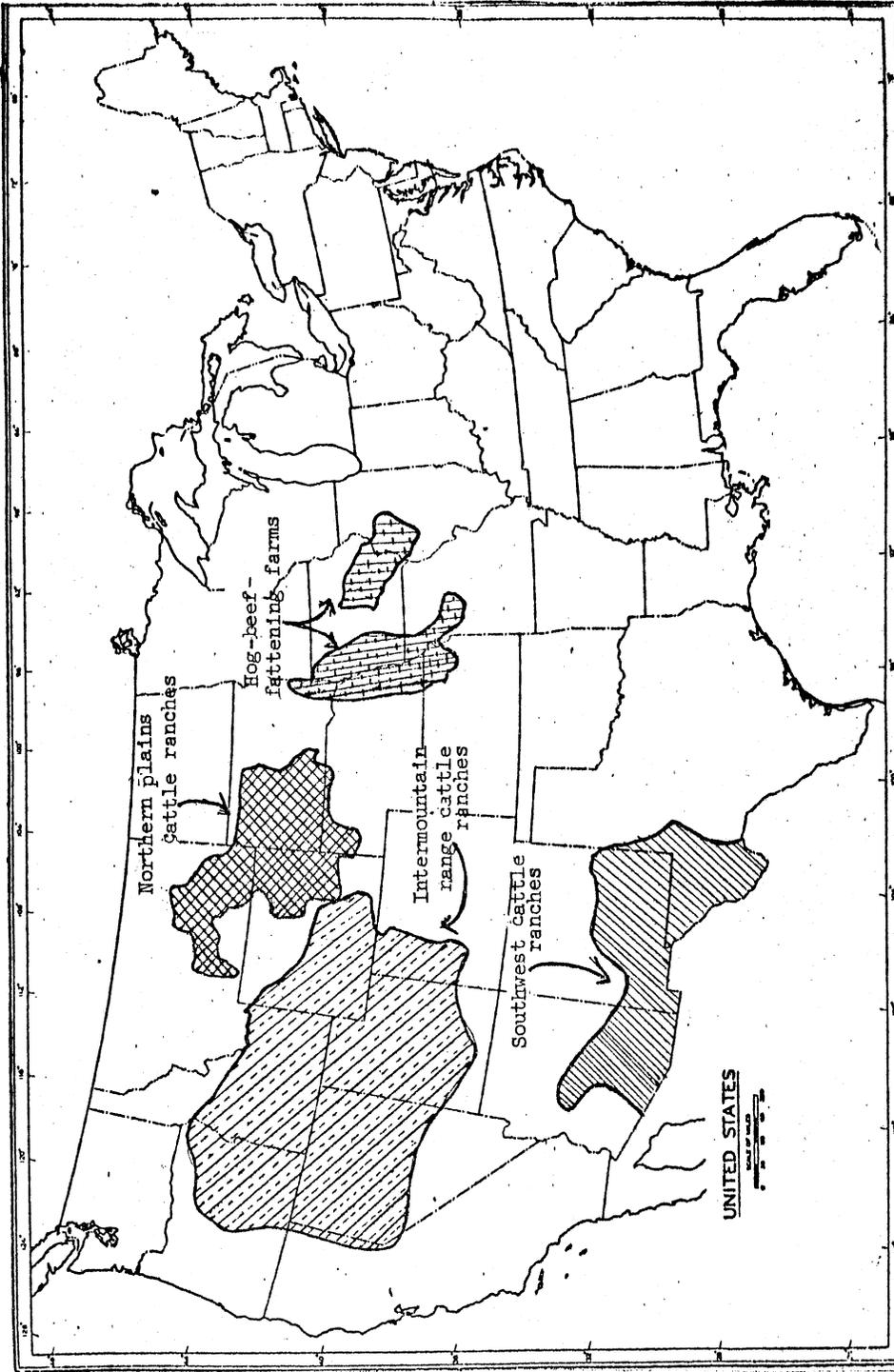
1/ These "typical" farms (or ranches)--which exist only on paper--are constructed from information obtained from many sources, such as a special sample of 200 to 400 representative census questionnaires for "census years," field survey data and other information on farm organization for interim years, and farm management studies and farm account records of the U.S. Department of Agriculture and State colleges.

models are considered representative of changes in the average income for all farms of its type.

The four models represent the four types of cattle-producing enterprises located in the areas indicated in figure 9: (1) Hog-beef-fattening farms in the Corn Belt; (2) intermountain cattle ranches; (3) northern plains cattle ranches; and (4) southwest cattle ranches. The net farm or ranch income for each of the four models is reported for the years 1947-63 in table 27. The net income computed for each of the models varied greatly from year to year, but in a given year the changes for any one model were usually in the same direction as the changes for the other models. From 1947 to 1963 the year-to-year change in the net income (in terms of constant purchasing power) of the model intermountain cattle ranch averaged about 26 percent (fig. 10). The net income for that model was lower in each of the years 1953-56 than in any earlier year as far back as 1947; and it was smaller in 1963 than in either of the 2 preceding years.

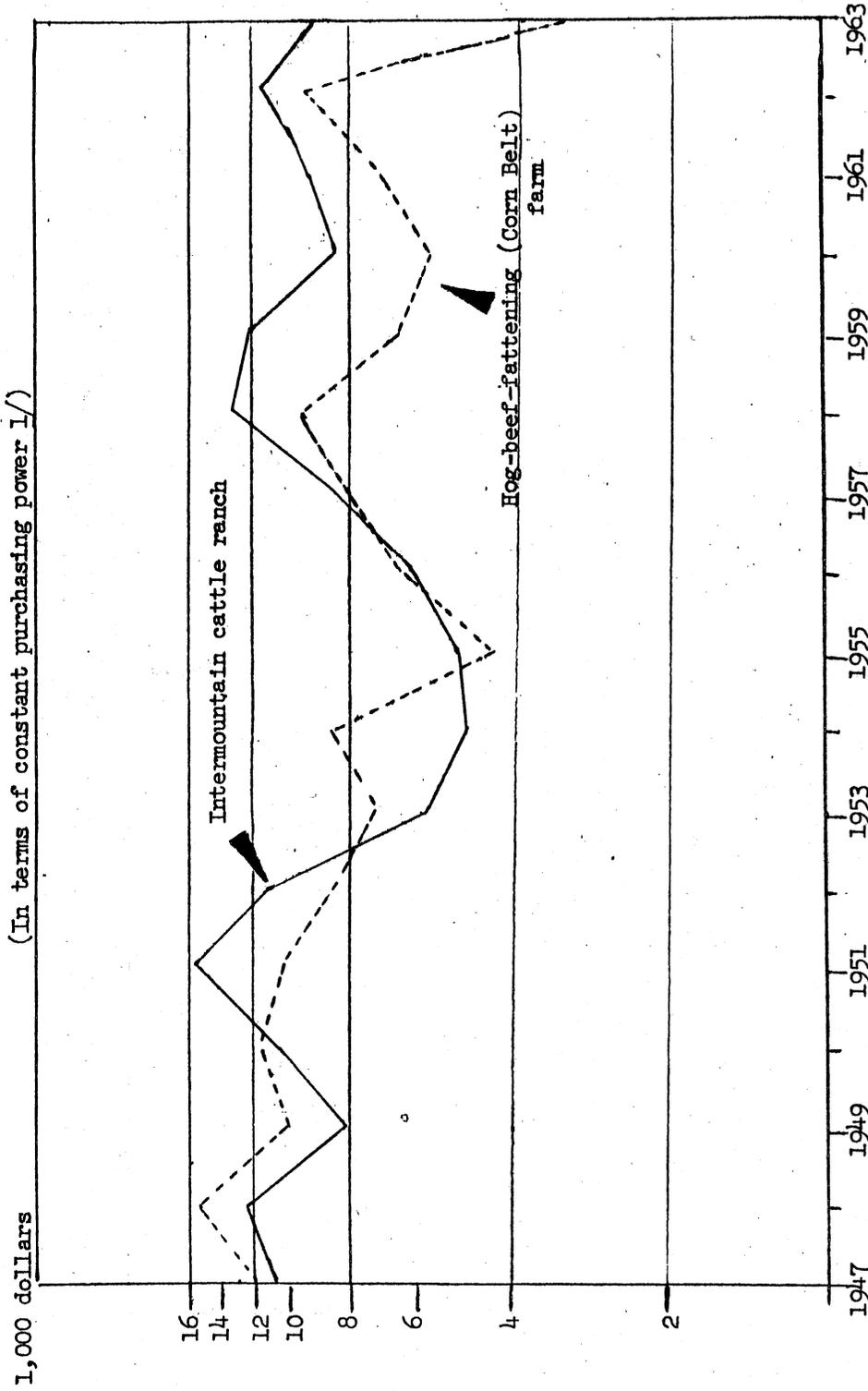
The hog-beef-fattening farm in the Corn Belt is the only one of the four models which has as its principal cattle operation the fattening of cattle for sale to slaughterers. The cattle operations of the other models are restricted almost entirely to raising cattle for sale to feeders. The annual net farm income for the hog-beef-fattening model also varied widely from year to year (fig. 10). From 1947 to 1963 the average year-to-year change in its net income was

Figure 9.--Location of selected cattle-producing enterprises, by type



Source: Adapted from Farm Costs and Returns, U.S. Department of Agriculture, Economic Research Service, Statistical Agricultural Information Bulletin No. 176 (rev. June 1958).

Figure 10.--Net farm income of "typical" intermountain cattle ranch and "typical" hog-beef-fattening farm, 1947-63



1/ Actual income adjusted for changes in the index of prices paid by farmers (1958-62=100).

about 30 percent. The annual net income (in terms of constant purchasing power) for this type of farm was at a higher level in 1962 than in any of the preceding 10 years. In 1963, however, it was only a third of that in 1962, and it was lower in 1963 than in any preceding year at least as far back as 1947. An increase in the prices of feeder cattle purchased between mid-1962 and mid-1963 (compared with the prices for such cattle purchased during the corresponding period of 1961-62), an increase in the prices paid for feed in 1963, and a decline in the prices received in that year for slaughter cattle, resulted in an average net return per animal that was sharply lower in 1963 than in 1962. The decline in net returns per animal in turn resulted in a decline in the net incomes of those feeding operations for which representative data are available. 1/

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1/ Although data on net income for cattle-feeding enterprises are available for only the hog-beef-fattening Corn Belt farm model, it is apparent that aggregate net income for cattle-feeding operations in the United States as a whole was lower in 1963 than 1962.

## U.S. CUSTOMS TREATMENT AND OTHER IMPORT RESTRICTIONS

Cattle, beef, and beef products are classified for tariff purposes under parts 1 and 2 of schedule 1 of the Tariff Schedules of the United States (TSUS), effective August 31, 1963, as shown in table 28. From June 18, 1930, to August 30, 1963, inclusive, these articles were classified under paragraphs 701, 706, and 1606 of the Tariff Act of 1930, as amended. Table 29 shows the statutory rates and all modifications resulting from trade-agreement concessions granted by the United States in the period 1934-63.

Imports of two classes of cattle have been subject to tariff quotas since March 31, 1953. <sup>1/</sup> In recent years the imports of such cattle have not exceeded the quantities specified in the tariff quotas. The quarantine and sanitary regulations administered by the U.S. Department of Agriculture operate to restrict, and even prohibit, imports of cattle, beef, veal, and beef products from certain areas.

U.S. customs treatment

Purebred cattle may be imported, free of duty, for breeding purposes under TSUS item 100.01, which carries forward the provision of paragraph 1606(a) of the Tariff Act of 1930. In addition,

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<sup>1/</sup> Imports of some classes of cattle had also been subject to tariff quotas during the period Jan. 1, 1936, to Jan. 29, 1943.

TSUS item 864.60 carries forward the provisions of section 308 of that Act for the temporary importation under bond of cattle imported solely for breeding purposes regardless of pedigree. The 1930 and 1964 rates of duty applicable to other cattle, beef, and beef products, and the average ad valorem equivalents of the 1964 rates based on the import values in 1963, are shown below:

Description	Rate of duty		Average ad valorem equivalent of 1964 duty Percent
	1930	1964	
Cattle weighing--			
Under 200 pounds			
each-----	2.5¢ per lb.	1.5¢ per	6.8
200 pounds or more		lb. <u>1</u> / <sub>2</sub>	
but under 700			
pounds each-----	2.5¢ per lb.	2.5¢ per lb.	12.8
700 pounds or more:			
Cows imported			
specially for			
dairy purposes---	3.0¢ per lb.	1.5¢ per lb.	7.1
Other-----	3.0¢ per lb.	1.5¢ per	7.3
		lb. <u>1</u> / <sub>2</sub>	
Meats of cattle, fresh,			
chilled, or frozen---	6.0¢ per lb.	3.0¢ per lb.	9.4
Beef or veal, prepared			
or preserved (in-			
cluding sausages):			
Beef (including			
sausages) in air-			
tight containers---	6.0¢ per lb.	(15% ad val.	15.0
Other, valued--	) but not	(	
Not over 30 cents	) less than	(	
per pound-----	) 20% ad val.	( 3¢ per	11.8
Over 30 cents per	)	( lb. <u>2</u> / <sub>3</sub>	
pound-----	)	(10% ad val.	10.0

1/ Subject to a tariff quota.

2/ If sausage not in airtight containers, 10 percent ad valorem.

In 1963 more than three-fourths of the cattle imported into the United States consisted of feeder calves weighing between 200 and 700 pounds each (TSUS item 100.45). Such calves were dutiable at 2.5 cents per pound, the rate established in the Tariff Act of 1930. Based on the value of imports in 1963 the average ad valorem equivalent of the 2.5-cent-per-pound rate of duty on such cattle was nearly 13 percent.

As already indicated, the preponderant bulk of the imports of beef and beef products in recent years have consisted of boneless beef. Such beef has been dutiable at the rate of 3 cents per pound that became effective January 1, 1948, on fresh, chilled, or frozen beef and veal pursuant to concessions granted under the General Agreement on Tariffs and Trade. TSUS item 106.10 carries forward those concessions. Based on the value of imports in 1963, the average ad valorem equivalent of the 3-cent rate was about 9 percent on boneless beef, nearly 10 percent on bone-in beef, and 8 percent on veal.

The interpretation of the terms "fresh, chilled, or frozen" and "prepared or preserved" for tariff purposes has been subject to litigation on many occasions. Following principles set forth in court decisions during the 1950's, and in conformity with administrative practices, the headnote to Schedule I, Part 2, Subpart B of the TSUS defines these terms as follows:

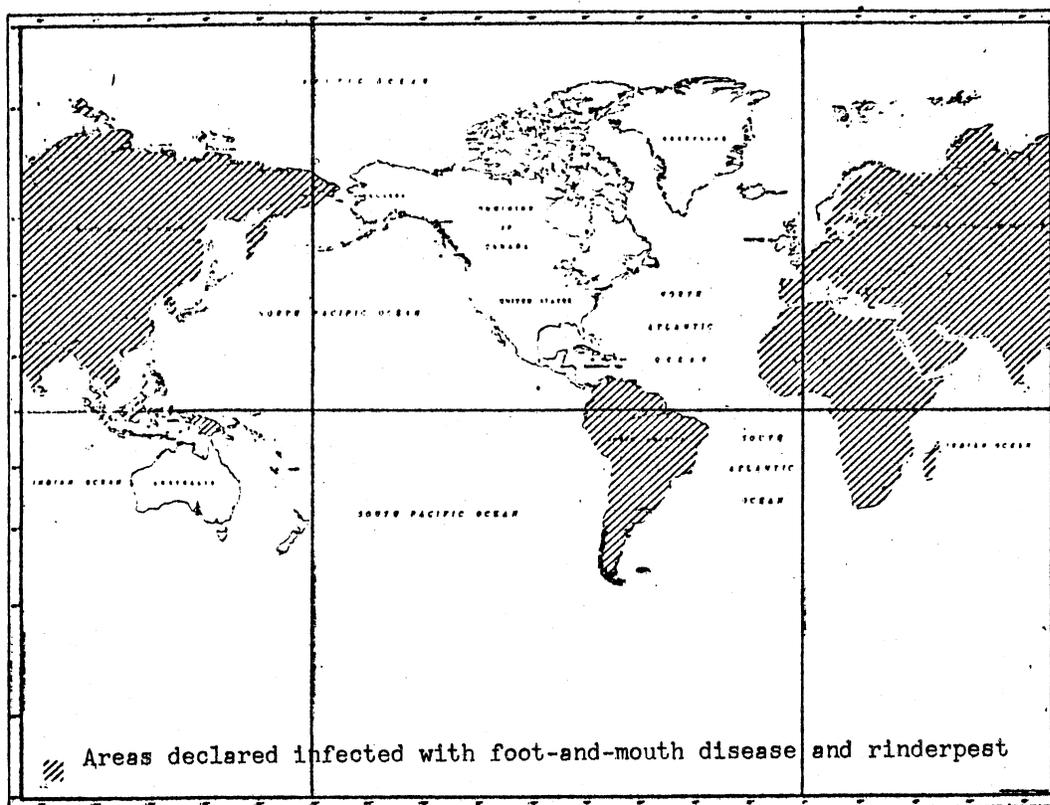
(a) The term "fresh, chilled, or frozen" covers meats even though completely detendonized and deboned, but does not cover meats which have been prepared or preserved; and

(b) the term "prepared or preserved" covers meats even if in a fresh, chilled, or frozen state if such meats have been ground or comminuted, diced or cut into sizes for stew meat or similar uses, rolled and skewered, or specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer; and also covers meats which have been subjected to processes such as drying, curing, smoking, cooking, seasoning, flavoring, or to any combination of such processes.

#### Other import restrictions

Section 306 of the Tariff Act of 1930 authorizes the Secretary of Agriculture to regulate imports of cattle and meats derived therefrom for the purpose of protecting the domestic herds from disease and the public from meat that is not deemed fit for human consumption. Under that provision the Secretary prohibits the importation of cattle and of fresh, chilled, or frozen meat of cattle from countries where he determines the existence of either rinderpest or foot-and-mouth disease or both. Figure 11 identifies the areas presently declared infected with either disease.

Figure 11.--Areas of the world presently (1964) declared by the U.S. Secretary of Agriculture to be infected with either rinderpest or foot-and-mouth disease, or both



The entry into the United States of meat products, including beef and veal, is permitted when the products originate in countries having a meat inspection service that has been certified by the U.S. Secretary of Agriculture as equivalent to that maintained by the Department. The principal meat-exporting countries are so certified. Each shipment must be accompanied by an official foreign meat-inspection certificate guaranteeing the wholesomeness of the product, and, in addition, it is inspected by an officer of the Meat Inspection

Division (MID) of the U.S. Department of Agriculture, generally at the port of entry.

Certain meat products have been permitted entry into the United States from countries where rinderpest or foot-and-mouth disease exists. At present, for example, canned meats are permitted entry from countries of South America, and pickled or cured beef is embargoed. 1/ Cooked meats, whether or not canned, from those countries where the diseases are declared to exist may also be imported under certain conditions. Briefly stated, the current conditions are that the meats must be cooked in the country of origin in plants approved by the U.S. Department of Agriculture; the meats must be boneless and so heated that upon inspection they have a thoroughly cooked appearance throughout; and the meat must be recooked upon arrival in the United States at a plant under MID supervision.

After foreign meats are duly imported into the United States they are "deemed and treated as domestic meats within the meaning of and subject to the provisions of the Act of June 30, 1906, 2/ commonly called the 'Meat Inspection Amendment,' and the Act of June 30, 1906, 3/ commonly called the 'Food and Drugs Act', and Acts amendatory of, supplementary to, or in substitution for such Acts." 4/

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1/ The embargo on such pickled or cured beef has been in effect since mid-1959.

2/ 34 Stat. 674.

3/ 34 Stat. 768.

4/ Sec. 306(b) of the Tariff Act of 1930, as amended.

## Appendix A

Descriptions of processed beef products,  
by Meat Inspection Division Code

Meat Inspection Division Code	Description	Factor used to convert product weight to beef- carcass equivalent
	Meat and Meat Food Products (Not Canned)	
010	Cured Beef - All beef cuts and beef products going to cure. This includes beef tripe, beef briskets, beef tongue, beef hams, etc. * * * "In Cure," does not include chopped meat placed in cure for use at the same establishment in the preparation of sausage, luncheon meats, spiced ham, etc.	1.2
110	Smoked and/or Dried Beef - All beef cuts and beef products which have been smoked or dried. This includes beef tongues, beef hams, etc.	2.0
210	Cooked Beef - Cooked beef cuts, tongues, cooked corned beef, tripe, etc. Does not include meat cooked as a part of the preparation of canned products, sausage, or similar products.	1.5
320	Sausage to be Dried or Semidried - Includes salami, cervelat, pepperoni, all forms of summer sausage, cotto salami, smoked thuringer, and pork roll (chopped meat), and any other types of dried or semidried sausage products.	.8
330	Smoked and/or Cooked - Includes frankfurters and wieners.	.9
340	Sausage Smoked or Cooked--Other - Includes bologna, liver sausage, smoked pork sausage, polish sausage, luncheon meat in casings or bags, garlic sausage, New England brand sausage, minced, roll, blood and tongue sausage, and all other smoked or cooked sausage not included in Codes Nos. 330 or 410. Cooked ham, butts, or picnics are not included under any of the sausage classifications.	.2
410	Loaf, Head Cheese, Chili Con Carne, Jellied Products, Etc. - Includes souse, sulze, scrapple, liver pudding, blood pudding, chop suey, imitation sausage, imitation chicken, tamales (not canned), and turnovers.	.3

## Description of processed beef products--Continued

Meat Inspection Division Code	Description	Factor used to convert product weight to beef- carcass equivalent
	Meat and Meat Food Products (Not Canned)--Continued	
420	Steaks, Chops, and Roasts - Includes fresh cuts, cube steaks, sandwich steaks, minute beef steaks, pork chops, packed fresh cuts, fabricated meat, steaks, chops, roasts and stew meat, and all other processed packed cuts, fresh or frozen. This item includes operations in hotel and restaurant supply departments wherein pork chops, lamb chops, veal chops, pork steaks, ham steaks, beef steaks, and all kinds of roasts are prepared. This item also includes cube steaks, sandwich steaks, and other similar items prepared in individual serving style, as well as chunk meats for stews, and liver which has been sliced for serving. It also includes beef that is prepared for the Army in the 3- or 4-way style. It does not include organs or byproducts requiring no further processing or primal bone-in or boneless cuts which individually bear the marks of Federal inspection, such as ribs, loins, hams, picnics.	0.9
450	Sliced Product--Other than Bacon - Includes all sliced dried beef and any other sliced product, such as sliced sausage and loaves.	.5
460	Hamburger - Includes all chopped beef to be sold as hamburger or as chopped beef.	1.1
470	Miscellaneous Meat Food Products - Includes chitterlings, cattle and calf feet scalded, calf heads, cooked tripe, cooked pork stomachs, and other processed products (such as TV dinners and meat pies). Does not include fats, oils, leaf lard and compounds or canned meat or products that do not require further processing, such as brains, livers, hearts, kidneys, sweetbreads, etc.	.9

## Description of processed beef products--Continued

Meat Inspection Division Code	Description	Factor used to convert product weight to beef- carcass equivalent
	Meat and Meat Food Products (Canned)	
641, 642	Chili Con Carne - Includes chili con carne; chili con carne with beans.	0.5
651, 652	Viennas - Includes sausage, Vienna; sausage, Vienna, in barbecue sauce; sausage, Vienna, ends and pieces.	.8
661, 662	Franks; Wieners in Brine and Sauce - Includes frankfurters; frankfurters--cocktail; wieners; wieners with barbecue sauce; wieners, cocktail, with sauce.	.6
691, 692	Tamales - Includes tamales; tamales with chili gravy; tamales, cocktail in broth.	.5
711, 712	Sliced Dried Beef.	2.3
721, 722	Chopped beef - Includes beef--chopped; beef--loaf.	1.5
731, 732	Meat Stew (All Product) - Includes beef stew; lamb stew; ox-tail ragout.	.5
741, 742	Spaghetti Meat Products (All Types) - Includes chili--spaghetti; chili--spaghetti with meat, beans, sauce; spaghetti and meat with sauce; spaghetti and meat balls.	.3
781, 782	Hamburger, Roasted or Corned Beef, Meat and Gravy - Includes beef brisket; beef--corned; beef and gravy; beef and kidneys in gravy; beef--meat balls; beef--cocktail meat balls; beef--roast; beef--sandwich steaks; beef--steak and brown gravy; hamburgers; pork and gravy.	.5
791, 792	Soups.	.2

## Description of processed beef products--Continued

Meat Inspection Division Code	Description	Factor used to convert product weight to beef- carcass equivalent
	Meat and Meat Food Products (Canned)--Continued	
851, 852, and 861, 862	All Other with Meat and/or Meat Byproducts - Includes baby foods; bacon; bacon (vacuum packed); beef with barbecue sauce; brown gravy with sliced beef; brown gravy with sliced pork; frankfurters and beans; frankfurters and sauer- kraut; ham--hash; liver--loaf; liverwurst; mutton--corned; pork with barbecue sauce; scrapple; beans with ham; beans with bacon; beef chop suey; corned beef and cabbage with potatoes; enchiladas with meat in chili sauce; ham a la king; pate de foie with or without truffles; ravioli with meat; sauerkraut and franks; spareribs, sauerkraut, potatoes; veal loaf.	0.2

Source: Codes and descriptions extracted from Manual of Meat Inspection Procedures of the United States Department of Agriculture; factors estimated by U.S. Tariff Commission.

Appendix B  
Statistical Tables

Table 1.--Total and per capita U.S. civilian consumption of specified meats, averages 1950-52 and 1953-57, annual 1953-63

Period	Red meat (carcass weight) <sup>1/</sup>					Total, red meat	Poultry meats (chickens and turkeys, ready-to-cook)
	Beef	Veal	Total, beef and veal	Pork	Lamb and mutton		
Total consumption (million pounds)							
Average:							
1950-52-----	9,183	1,103	10,286	10,786	584	21,656	3,918
1953-57-----	13,306	1,532	14,838	10,341	732	25,912	4,619
Annual:							
1953-----	12,113	1,485	13,598	9,900	735	24,233	4,165
1954-----	12,743	1,591	14,334	9,549	730	24,613	4,470
1955-----	13,313	1,531	14,844	10,833	753	26,430	4,274
1956-----	14,121	1,572	15,693	11,125	735	27,553	4,899
1957-----	14,242	1,481	15,723	10,297	709	26,729	5,286
1958-----	13,786	1,150	14,936	10,325	719	25,980	5,843
1959-----	14,202	990	15,192	11,797	830	27,819	6,130
1960-----	15,121	1,092	16,213	11,564	852	28,629	6,099
1961-----	15,871	1,022	16,893	11,229	923	29,045	6,818
1962-----	16,303	1,003	17,306	11,685	950	29,941	6,804
1963-----	17,568	911	18,479	12,173	908	31,560	7,006
Per capita consumption (pounds)							
Average:							
1950-52-----	60.6	7.3	67.9	71.2	3.9	143.0	15.9
1953-57-----	81.9	9.4	91.4	63.7	4.5	159.6	28.4
Annual:							
1953-----	77.6	9.5	87.1	63.5	4.7	155.3	26.7
1954-----	80.1	10.0	90.1	60.0	4.6	154.7	28.1
1955-----	82.0	9.4	91.4	66.8	4.6	162.8	26.3
1956-----	85.4	9.5	94.9	67.3	4.5	166.7	29.6
1957-----	84.6	8.8	93.4	61.1	4.2	158.7	31.4
1958-----	80.5	6.7	87.2	60.2	4.2	151.6	34.1
1959-----	81.4	5.7	87.1	67.6	4.8	159.5	35.2
1960-----	85.2	6.2	91.4	65.2	4.8	161.4	34.4
1961-----	88.0	5.7	93.7	63.2	5.1	162.0	37.8
1962-----	89.1	5.5	94.6	63.9	5.2	163.7	37.2
1963-----	2/ 94.6	2/ 4.9	2/ 99.5	2/ 65.5	2/ 4.9	2/ 169.9	2/ 37.7

<sup>1/</sup> Excludes edible offal.

<sup>2/</sup> Preliminary; from U.S. Department of Agriculture, Economic Research Service, Livestock and Meat Situation, LMS-137, May 1964.

Source: Unless otherwise stated, compiled from data in publications of the U.S. Department of Agriculture as follows: For red meat, Livestock and Meat Statistics, 1962, Statistical Bulletin No. 333, July 1963; for poultry, Consumption of Food in the United States, 1909-52, Agriculture Handbook No. 62 and supplements.

Table 2.--U.S. imports for consumption of beef and veal, 1954-63

Year	(In millions of pounds, carcass weight <sup>1/</sup> )						Total, beef and veal <sup>2/</sup>
	Beef		Veal, fresh, chilled, or frozen		Beef and veal		
	Fresh, chilled, or frozen	Boneless	Canned	Pickled or cured	"Other" prepared or preserved		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1954	13	8	170	1	28	6	226
1955	30	6	174	3	6	6	222
1956	37	5	145	3	10	7	204
1957	133	33	191	5	13	21	396
1958	429	59	227	14	7	206	941
1959	704	39	189	16	9	137	1,093
1960	576	15	153	15	1	21	780
1961	791	25	190	16	1	24	1,048
1962	1,229	19	168	26	1	21	1,462
1963	1,410	20	227	26	1	18	1,702

<sup>1/</sup> The quantities in cols. 2 and 4 are those reported in the official U.S. import statistics. The quantities in cols. 1, 3, 5, and 6 were computed from the official statistics by using the following conversion factors:

Column	Conversion factor
1	1.5
3	2.0
5	1.2
6	1.5

<sup>2/</sup> Because of rounding, figures may not add to the totals shown.  
<sup>3/</sup> Less than 0.5 million pounds.

Source: Computed from the official statistics of the U.S. Department of Commerce.

Table 3.--Data relating to U.S. production of cattle, calves, beef, and veal, averages 1950-52 and 1953-57, annual 1953-63

Line No.	Item	Average 1950-52	1953-57	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962 1/2	1963 1/2
1	Cattle and calves on farms on Jan. 1 thousands	82,706	95,054	94,211	95,579	96,592	95,900	92,860	91,176	93,322	96,236	97,534	100,002	103,736
2	Calves born	36,332	44,451	41,261	42,601	42,112	41,376	39,905	38,860	38,938	39,333	40,019	41,027	41,811
3	Cattle and calves Imported	280	297	198	86	314	159	728	1,132	709	663	1,043	1,250	852
4	Deaths	3,880	3,978	4,060	4,063	4,052	3,912	3,801	3,810	3,876	4,098	4,021	4,123	4,044
5	Exports	9	30	15	21	35	37	44	26	51	32	24	19	23
6	Cattle and calves on farms on Dec. 31 thousands	88,132	94,111	95,579	96,592	95,900	92,860	91,176	93,322	96,236	97,534	100,002	103,736	106,488
7	Total sent to slaughter (sum of lines 1, 2, and 3 minus lines 4, 5, and 6)	27,297	38,353	35,946	37,590	39,031	40,526	38,172	34,030	32,806	34,588	34,549	34,431	35,814
8	Losses in shipment, ante mortem inspection, and statistical discrepancy 2/ (line 7 minus line 11)	-108	-737	-719	-1,469	-420	-128	-949	-76	1,012	-49	1	-358	567
9	Number slaughtered	18,108	26,353	24,465	25,889	26,587	27,755	27,068	24,368	23,722	26,026	26,467	26,905	28,059
10	Cattle	9,597	12,737	12,200	13,270	12,851	12,999	12,353	9,738	8,072	8,611	9,081	7,854	7,198
11	Calves	27,705	39,090	36,655	39,159	39,452	40,754	39,421	34,106	31,754	34,637	34,543	34,759	35,257
12	Condemnations of carcasses:													
13	Cattle	63	75	58	84	80	79	74	61	53	57	63	61	58
14	Calves	39	35	29	40	37	38	33	22	20	20	20	20	19
15	Total	102	110	87	124	117	117	107	88	75	77	83	81	77
16	Usable carcasses:													
17	Cattle (line 9 minus line 12)	18,045	26,278	24,407	25,805	26,507	27,676	26,994	24,307	23,669	25,969	26,404	26,844	28,001
18	Calves (line 10 minus line 13)	9,598	12,702	12,171	13,230	12,827	12,951	12,320	9,711	8,050	8,391	8,061	7,834	7,179
19	Total (line 11 minus line 14)	27,603	38,980	36,578	39,035	39,334	40,627	39,314	34,018	31,719	34,560	34,155	34,678	35,130
20	Weight per carcass:													
21	Cattle	518	513	508	502	510	521	525	547	572	567	579	570	537
22	Calves	121	125	127	124	123	126	124	122	125	129	129	130	129
23	Total meat production:													
24	Beef	9,340	13,521	12,407	12,963	13,569	14,462	14,202	13,330	13,580	14,727	15,298	15,296	16,423
25	Veal	1,153	1,585	1,545	1,647	1,578	1,632	1,526	1,186	1,008	1,108	1,045	1,012	927
26	Total	10,493	15,106	13,953	14,610	15,147	16,094	15,728	14,516	14,588	15,835	16,343	16,308	17,350

1/ Preliminary.  
2/ Since cattle and calves on farms on Jan. 1, calves born, deaths, and cattle and calves on farms Dec. 31 are independent estimates, there is usually some statistical imbalance for each year.

Source: Imports and exports compiled from official statistics of the U.S. Department of Commerce; other data compiled from official statistics of the U.S. Department of Agriculture.



Table 5.--U.S. exports of domestic cattle, by types,  
1958-63

Year	Cattle for breeding		Other cattle	Total
	Dairy	Other		
Quantity (number)				
1958-----	6,131	17,773	1,678	25,582
1959-----	6,479	12,468	31,782	50,729
1960-----	12,136	14,534	5,520	32,190
1961-----	11,523	9,691	2,798	24,012
1962 <u>1/</u> -----	9,148	8,891	1,273	19,312
1963 <u>1/</u> -----	10,862	11,566	727	23,155
Value (1,000 dollars)				
1958-----	2,378	5,088	481	7,947
1959-----	2,530	5,040	8,160	15,730
1960-----	4,129	5,062	1,200	10,391
1961-----	4,419	3,880	750	9,049
1962 <u>1/</u> -----	3,495	3,964	370	7,829
1963 <u>1/</u> -----	4,533	5,804	231	10,568
Unit value (per head)				
1958-----	\$388	\$286	\$287	\$311
1959-----	390	404	257	310
1960-----	340	348	217	323
1961-----	383	400	268	377
1962 <u>1/</u> -----	382	446	291	405
1963 <u>1/</u> -----	417	502	318	456

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 6.--U.S. exports of beef, beef products, and selected packinghouse products derived from cattle and calves, 1958-63

Product	(In thousands of dollars)					
	1958	1959	1960	1961	1962	1963
Beef (and veal), fresh or frozen	4,269	5,386	6,174	6,462	6,754	6,241
Beef products:						
Pickled and cured, except canned	4,629	4,345	4,516	5,056	5,071	4,822
Canned beef (or veal)	763	1,149	906	599	815	776
Sausage, prepared sausage meat, bologna, franks:						
Canned <sup>1/</sup>	759	462	412	337	318	331
Other	869	855	900	714	563	656
Total beef products	7,020	6,811	6,734	6,706	6,767	6,585
Packinghouse products:						
Cattle hides	34,178	44,122	58,154	63,507	62,785	56,424
Calf skins	8,261	7,538	7,316	8,653	7,347	4,613
Kip skins (dry or wet)	5,194	5,345	4,340	5,076	3,125	1,692
Tallow:						
Inedible <sup>2/</sup>	89,667	101,762	98,808	113,571	91,823	104,059
Edible <sup>2/</sup>	1,881	2,664	2,046	1,110	1,187	1,019
Sausage casings	3,382	2,626	2,704	3,154	2,671	3,092
Beef tongues, fresh or frozen	6,093	6,378	9,079	8,953	8,956	9,978
Beef livers, fresh or frozen <sup>1/</sup>	4,676	6,024	5,901	6,970	5,790	7,761
Total packinghouse products	153,332	176,459	188,348	210,994	183,684	188,638
Grand total	164,621	188,656	201,256	224,162	197,205	201,464

<sup>1/</sup> Estimated by the U.S. Tariff Commission.

<sup>2/</sup> Also includes oleo oil, stearin, and stock.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.--Production of beef and veal, by selected countries, 1958-63

(Million pounds, carcass weight)						
Area	1958	1959	1960	1961	1962 <sup>1/</sup>	1963 <sup>1/</sup>
North America:						
United States-----	14,516	14,588	15,835	16,343	16,308	17,350
Canada-----	1,314	1,261	1,387	1,435	1,435	1,537
Mexico-----	992	884	912	960	979	1,119
Central American Republics :						
<sup>2/</sup> <sup>3/</sup> -----	189	186	205	219	214	225
Total-----	17,011	16,919	18,339	18,957	18,936	20,231
South America:						
Argentina-----	5,602	3,902	4,189	4,582	4,700	5,512
Uruguay-----	515	571	709	581	605	647
Total-----	6,117	4,473	4,898	5,163	5,305	6,159
Western Europe:						
European Economic Community-----	6,854	7,060	7,469	8,239	8,751	9,039
United Kingdom-----	1,821	1,609	1,836	2,020	2,025	2,083
Ireland-----	172	202	235	284	244	244
Total-----	8,847	8,871	9,540	10,543	11,020	11,366
Oceania:						
Australia-----	1,897	1,878	1,509	1,610	1,949	2,086
New Zealand <sup>4/</sup> -----	592	525	524	555	663	638
Total-----	2,489	2,403	2,033	2,165	2,612	2,724
Grand total-----	34,464	32,666	34,810	36,828	37,873	40,480

<sup>1/</sup> Preliminary.<sup>2/</sup> Partly estimated.<sup>3/</sup> Includes Costa Rica, Guatemala, Honduras, and Nicaragua.<sup>4/</sup> For years ending Sept. 30.

Source: Compiled from official statistics of the U.S. Department of Agriculture and from official statistics of the Food and Agriculture Organization, United Nations; except as noted.

Table 8.--Exports of fresh, chilled, or frozen bone-in and boneless beef and veal, from principal exporting countries, by destinations, 1958-63

(Million pounds, product weight)						
Exporting country and destination	1958	1959	1960	1961	1962	1963 <sup>1/</sup>
<b>Argentina:</b>						
United Kingdom-----	565	487	428	340	433	535
European Economic Community-----	148	185	120	169	250	362
All other-----	87	147	75	97	184	264
Total-----	800	819	623	606	867	1,161
<b>Australia: <sup>2/</sup></b>						
United States-----	11	116	197	172	329	475
United Kingdom-----	217	343	183	91	80	62
All other-----	56	54	42	38	42	47
Total-----	284	513	422	301	451	584
<b>New Zealand:</b>						
United States-----	188	153	126	147	200	224
United Kingdom-----	29	17	45	25	18	13
All other-----	43	29	50	41	41	48
Total-----	260	199	221	213	259	285
<b>Uruguay:</b>						
United Kingdom-----	3	16	75	45	43	87
European Economic Community-----	9	21	37	29	30	15
All other-----	<sup>3/</sup> 25	17	10	13	<sup>4/</sup> 52	38
Total-----	37	54	122	87	125	140
<b>Irish Republic:</b>						
United States <sup>5/</sup> -----	31	44	64	81	78	82
United Kingdom-----	6	15	34	73	46	38
All other-----	22	19	8	11	8	16
Total-----	59	78	106	165	132	136
<b>Mexico <sup>6/</sup>-----</b>	67	47	41	57	61	72
<b>Central American Republics <sup>6/</sup> <sup>7/</sup>-----</b>	3	17	29	31	45	64
<b>Canada <sup>6/</sup>-----</b>	55	24	20	31	22	20
<b>Grand total of areas above-----</b>	<b>1,565</b>	<b>1,751</b>	<b>1,584</b>	<b>1,491</b>	<b>1,961</b>	<b>2,462</b>

<sup>1/</sup> Preliminary.<sup>2/</sup> For years ending June 30 of the year shown.<sup>3/</sup> Principally to Spain and Greece.<sup>4/</sup> Principally to the U.S.S.R.<sup>5/</sup> Data for 1960-63 include shipments to U.S. armed forces overseas.<sup>6/</sup> Virtually all exports go to the United States.<sup>7/</sup> Includes Costa Rica, Guatemala, Honduras, and Nicaragua.

Source: Data for the 4 Central American Republics compiled from official statistics of the U.S. Department of Commerce; data for other countries compiled from statistics of The Commonwealth Economic Committee Intelligence Bulletin (monthly issues), and Mest, A Review, London, 1963.

Table 9.--Number of cattle on farms in specified countries and areas, 1958-64 1/

(In thousands)							
Area	1958	1959	1960	1961	1962	1963 2/	1964 2/
<b>North America:</b>							
Canada-----	10,293	10,112	10,489	10,897	10,932	11,206	11,552
United States 1/-----	91,176	93,322	96,236	97,534	100,002	103,736	106,488
Mexico-----	18,900	20,000	21,000	21,100	22,500	23,500	24,500
Cuba-----	5,700	5,840	5,760	5,025	4,523	4,500	4,500
Central American Republics 4/-----	4,581	4,739	4,843	5,040	5,136	5,857	6,022
<b>South America:</b>							
Brazil-----	69,548	71,420	72,829	73,962	76,176	79,078	81,115
Argentina-----	41,355	41,203	43,398	43,200	43,300	41,000	41,500
Colombia-----	14,400	14,840	15,100	15,400	15,600	15,600	15,800
Venezuela-----	8,240	8,600	9,200	9,800	10,000	10,000	10,000
Uruguay-----	7,430	7,502	7,505	8,680	8,516	8,617	8,719
Other-----	13,727	13,845	14,098	14,318	14,308	14,405	14,366
<b>Western Europe:</b>							
European Economic Community-----	43,999	45,242	46,468	48,060	49,216	48,976	48,160
United Kingdom-----	10,819	11,005	11,479	11,702	11,618	11,605	11,460
Ireland-----	3,969	4,053	4,273	4,241	4,165	4,301	4,369
Other 5/-----	17,688	17,892	18,700	19,207	19,601	19,318	19,011
<b>Oceania:</b>							
Australia-----	16,892	16,257	16,503	17,332	18,033	18,505	19,100
New Zealand-----	5,886	5,973	5,992	6,446	6,598	6,690	6,720
<b>Africa</b>	116,300	112,430	117,790	116,000	116,000	118,000	119,000
<b>Asia</b>	371,180	376,680	375,690	400,000	403,800	407,800	411,400
Other areas 6/-----	100,737	102,250	109,667	112,886	120,376	124,406	122,718
<b>World total 7/-----</b>	<b>972,820</b>	<b>983,205</b>	<b>1,007,020</b>	<b>1,040,830</b>	<b>1,060,400</b>	<b>1,077,100</b>	<b>1,086,500</b>

1/ Includes work animals and buffaloes in some countries.

2/ Preliminary.

3/ Includes Alaska and Hawaii in 1961-64.

4/ Includes Costa Rica, Guatemala, Honduras, and Nicaragua; data for other countries are included in the estimated world total.

5/ Principally Spain, Denmark, and Austria.

6/ Chiefly U.S.S.R. and Eastern Europe.

7/ Estimated; includes allowance for countries for which data are not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 10.--U.S. imports for consumption of cattle, by classes, 1954-63

Year	Cattle (purebred) for breeding		Other cattle, weighing each--				Total, all cattle
	Bulls	Cows	Less than	200 to	700 pounds or more		
			200 pounds	699 pounds	Dairy cows	Other	
Quantity (number)							
1954-----	638	14,738	2,872	3,377	17,633	46,798	86,056
1955-----	564	17,797	3,795	191,849	26,676	73,696	314,377
1956-----	639	17,921	4,419	97,984	24,364	14,038	159,365
1957-----	2,503	22,435	18,400	434,901	19,342	230,272	727,853
1958-----	2,547	23,647	16,811	776,837	20,841	311,724	1,152,407
1959-----	1,858	18,841	31,775	503,725	16,600	135,956	708,755
1960-----	1,359	17,264	33,852	509,584	20,618	80,497	663,174
1961-----	954	18,968	37,260	835,451	24,986	125,102	1,042,721
1962 1/-----	1,434	16,339	66,240	1,041,564	15,515	108,937	1,250,029
1963 1/-----	1,600	16,962	63,739	688,938	11,876	69,163	852,278
Foreign value (1,000 dollars)							
1954-----	405	3,631	53	285	3,004	8,737	16,115
1955-----	388	4,454	77	11,229	3,913	8,468	28,529
1956-----	479	4,282	82	5,029	4,146	1,642	15,660
1957-----	546	4,549	385	27,564	3,412	34,478	70,934
1958-----	1,153	6,375	435	70,742	4,430	54,195	137,330
1959-----	1,051	6,358	900	49,776	4,060	26,642	88,787
1960-----	642	5,601	876	41,570	4,827	14,659	68,175
1961-----	566	6,060	971	67,853	5,542	19,791	100,783
1962 1/-----	868	5,215	2,036	85,369	3,740	19,344	116,572
1963 1/-----	1,050	5,425	2,059	50,004	2,812	12,714	74,064
Percent of total quantity							
1954-----	0.7	17.1	3.3	3.9	20.5	54.5	100.0
1955-----	.2	5.7	1.2	61.0	8.5	23.4	100.0
1956-----	.4	11.2	2.8	61.5	15.3	8.8	100.0
1957-----	.3	3.1	2.5	59.8	2.7	31.6	100.0
1958-----	.2	2.1	1.5	67.4	1.8	27.0	100.0
1959-----	.3	2.7	4.5	71.1	2.3	19.1	100.0
1960-----	.2	2.6	5.1	76.8	3.1	12.2	100.0
1961-----	.1	1.8	3.6	80.1	2.4	12.0	100.0
1962 1/-----	.1	1.3	5.3	83.3	1.2	8.8	100.0
1963 1/-----	.2	2.0	7.5	80.8	1.4	8.1	100.0

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 11.--U.S. imports for consumption of cattle (except certified breeding animals),  
by classes and principal sources, 1958-63

Class and source	(Number)					
	1958	1959	1960	1961	1962 1/	1963 1/
Under 200 pounds:						
Canada-----	13,580	30,738	32,079	28,605	41,315	36,618
Mexico-----	3,227	1,037	1,773	8,655	24,925	27,120
Other sources-----	4	-	-	-	-	1
Total-----	16,811	31,775	33,852	37,260	66,240	63,739
200 to 699 pounds:						
Canada-----	373,671	186,630	140,471	337,452	351,336	148,486
Mexico-----	403,166	317,095	369,113	497,999	690,228	540,099
Other sources-----	-	-	-	-	-	353
Total-----	776,837	503,725	509,584	835,451	1,041,564	688,938
700 pounds or more:						
Cows for dairy purposes:						
Canada-----	19,586	14,998	20,247	24,940	15,481	11,864
Mexico-----	1,255	1,597	371	46	34	7
Other sources-----	-	5	-	-	-	5
Total-----	20,841	16,600	20,618	24,986	15,515	11,876
Other:						
Canada-----	229,117	90,259	60,866	88,692	72,205	51,018
Mexico-----	80,589	45,697	19,631	36,410	36,732	18,123
Other sources-----	2,018	-	-	-	-	22
Total-----	311,724	135,956	80,497	125,102	108,937	69,163

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 12.--U.S. imports for consumption of boneless beef, fresh, chilled, or frozen,  
by principal sources, 1956 and 1958-63

Source	1956	1958	1959	1960	1961	1962 1/	1963 1/
Quantity (1,000 pounds, product weight)							
Australia-----	2,835	16,085	220,810	142,345	230,107	440,526	509,263
New Zealand-----	4,012	152,027	135,463	115,634	139,152	189,485	213,996
Republic of Ireland--	3,725	23,636	41,013	43,601	61,096	70,519	72,474
Mexico-----	5,347	67,763	38,439	37,065	49,480	55,394	67,056
Nicaragua-----	-	40	5,729	9,853	13,021	12,374	21,463
Costa Rica-----	45	1,662	8,714	15,264	8,674	8,088	14,716
Guatemala-----	-	-	-	-	1,927	11,864	14,168
Canada-----	9,158	21,236	11,919	12,922	16,491	12,064	10,345
Honduras-----	-	-	1,430	3,391	5,499	9,003	9,195
United Kingdom-----	-	-	1,696	2,978	1,312	6,891	3,905
Haiti-----	-	-	-	-	308	2,420	2,381
Dominican Republic--	-	1,905	1,778	585	202	120	8
Cuba-----	-	23	1,501	51	-	-	-
Other-----	322	1,477	662	175	252	309	936
<b>Total, all sources-----</b>	<b>25,444</b>	<b>285,854</b>	<b>469,184</b>	<b>383,864</b>	<b>527,521</b>	<b>819,057</b>	<b>939,906</b>
Foreign value (1,000 dollars)							
Australia-----	680	5,476	80,940	50,506	76,841	135,321	159,702
New Zealand-----	900	51,345	50,023	41,052	47,589	58,757	68,791
Republic of Ireland--	1,011	8,538	17,007	15,954	21,573	23,112	23,773
Mexico-----	1,308	22,134	16,611	14,262	18,119	19,160	21,759
Nicaragua-----	-	12	1,823	3,114	4,271	3,934	6,983
Costa Rica-----	9	291	2,862	5,220	2,671	2,631	4,816
Guatemala-----	-	-	-	-	675	4,081	4,759
Canada-----	2,460	9,067	5,063	4,920	5,109	4,644	3,932
Honduras-----	-	-	458	1,268	2,247	3,259	2,819
United Kingdom-----	-	-	702	1,082	440	2,256	1,273
Haiti-----	-	-	-	-	101	779	748
Dominican Republic--	-	571	627	221	90	54	3
Cuba-----	-	9	548	18	-	-	-
Other-----	46	344	249	76	124	105	286
<b>Total, all sources-----</b>	<b>6,414</b>	<b>97,787</b>	<b>176,913</b>	<b>137,693</b>	<b>179,850</b>	<b>258,093</b>	<b>299,644</b>

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 13.--U.S. imports for consumption of boneless beef, fresh, chilled, or frozen, by areas and customs districts, specified years 1958 to 1963

(In thousands of pounds, product weight)

Area and customs district	1958	1960	1962 <sup>1/</sup>	1963 <sup>1/</sup>
<b>North Atlantic States:</b>				
New York-----	114,944	197,235	382,746	372,233
Philadelphia-----	12,353	37,324	88,932	99,374
Massachusetts-----	2,392	12,514	40,025	41,501
St. Lawrence-----	10,218	7,094	8,396	7,060
Other customs districts-----	3,079	1,968	1,654	1,418
Total-----	142,986	256,137	521,753	521,586
<b>Western States: <sup>2/</sup></b>				
Los Angeles-----	17,823	25,416	59,632	68,688
San Francisco-----	29,235	26,278	46,412	52,126
Washington-----	9,830	15,038	23,600	24,128
Other customs districts-----	2,651	3,677	7,379	12,566
Total-----	59,539	70,408	137,024	157,508
<b>South Atlantic States:</b>				
Florida-----	1,907	7,860	34,649	69,297
South Carolina-----	-	-	15,310	35,688
Virginia-----	-	-	2,269	17,352
Other customs districts-----	563	103	3,795	4,266
Total-----	2,470	7,963	56,023	126,603
<b>South Central States:</b>				
Laredo-----	35,769	16,402	29,289	35,381
El Paso-----	30,483	17,829	24,591	27,686
Galveston-----	67	45	14,162	21,747
New Orleans-----	174	119	8,881	20,624
Other customs districts-----	38	-	1,675	1,644
Total-----	66,531	34,394	78,598	107,082
<b>All other areas:</b>				
Hawaii-----	5,467	8,624	10,010	11,870
Puerto Rico-----	1,322	1,356	7,203	10,605
Chicago-----	2,466	65	189	2,055
Other customs districts-----	5,071	4,916	8,257	2,597
Total-----	14,326	14,961	25,659	27,127
<b>Total, all areas <sup>3/</sup></b>	<b>285,854</b>	<b>383,864</b>	<b>819,057</b>	<b>939,906</b>

<sup>1/</sup> Preliminary.

<sup>2/</sup> Includes Alaska.

<sup>3/</sup> Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 14.--U.S. imports for consumption of boneless beef, fresh, chilled,  
or frozen, by months, 1960-63 and January-April 1964

(In thousands of pounds, product weight)

Month	1960	1961	1962 1/	1963 1/	1964 1/
January-----	29,929	28,354	56,337	48,786	75,456
February-----	24,867	24,706	41,281	85,372	40,153
March-----	25,863	34,884	88,660	71,722	60,583
April-----	35,551	44,332	53,110	51,628	56,209
May-----	30,232	29,857	42,786	73,632	-
June-----	35,836	53,229	57,485	68,502	-
July-----	41,533	51,833	62,959	95,312	-
August-----	58,289	68,454	101,892	101,539	-
September-----	37,857	43,882	91,584	103,913	-
October-----	25,482	47,822	76,818	90,389	-
November-----	15,899	58,158	74,011	72,604	-
December-----	22,526	42,010	72,134	76,507	-
Total-----	383,864	527,521	819,057	939,906	-

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of  
Commerce.



Table 16.--U.S. imports for consumption of beef, bone-in, fresh, chilled, or frozen, by areas and customs districts, specified years 1958 to 1963

(In thousands of pounds)

Area and customs district	1958	1960	1962 <sup>1/</sup>	1963 <sup>1/</sup>
North Atlantic States:				
New York-----	9,204	1,341	2,754	2,350
Buffalo-----	3,865	658	1,564	567
Other customs districts---	8,586	2,039	863	1,733
Total-----	<u>21,654</u>	<u>4,039</u>	<u>5,181</u>	<u>4,650</u>
South Central States:				
Laredo-----	4,602	1,838	1,541	2,795
El Paso-----	646	117	1,033	1,948
Other customs districts---	259	16	208	376
Total-----	<u>5,507</u>	<u>1,972</u>	<u>2,782</u>	<u>5,119</u>
Western States: <sup>2/</sup>				
Los Angeles-----	3,354	531	135	566
San Francisco-----	3,392	248	163	830
Washington-----	4,200	1,008	1,105	219
Other customs districts---	2,891	93	1,374	719
Total-----	<u>13,837</u>	<u>1,880</u>	<u>2,777</u>	<u>2,334</u>
All other areas:				
Puerto Rico-----	1,654	5,108	5,093	3,677
Dakota-----	9,893	1,002	981	228
Other customs districts---	6,335	684	1,953	3,939
Total-----	<u>17,882</u>	<u>6,794</u>	<u>8,027</u>	<u>7,844</u>
Total, all areas <sup>3/</sup> -----	<u>58,880</u>	<u>14,685</u>	<u>18,767</u>	<u>19,947</u>

<sup>1/</sup> Preliminary.

<sup>2/</sup> Includes Alaska.

<sup>3/</sup> Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 17.---U.S. imports for consumption of veal, fresh, chilled, or frozen, by principal sources, 1956 and 1958-63

Source	1956	1958	1959	1960	1961	1962	1963
	Quantity (1,000 pounds)						
New Zealand	4	10,220	10,472	12,377	12,931	20,727	18,721
Canada	239	2,690	4,259	1,937	2,077	2,397	4,497
Australia	-	577	1,321	949	1,179	1,412	2,458
Mexico	2	19	86	-	242	975	719
Other	-	-	-	12	45	-	34
Total, all sources	245	13,506	16,138	15,275	16,474	25,511	26,429
	Foreign value (1,000 dollars)						
New Zealand	1	3,781	3,944	4,648	4,705	7,199	7,007
Canada	72	1,135	1,773	792	851	939	1,719
Australia	-	182	457	326	396	446	879
Mexico	2/	8	41	-	80	349	249
Other	-	-	-	4	16	-	11
Total, all sources	73	5,106	6,215	5,770	6,048	8,933	9,865

1/ Preliminary.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 18.--U.S. imports for consumption of veal, fresh, chilled, or frozen,  
by areas and customs districts, specified years 1958 to 1963

(In thousands of pounds)

Area and customs district	1958	1960	1962 <sup>1/</sup>	1963 <sup>1/</sup>
North Atlantic States:				
St. Lawrence-----	2,026	1,468	2,128	4,541
New York-----	2,858	7,700	5,949	5,184
Other customs districts---	863	794	4,555	4,719
Total-----	5,747	9,961	12,632	14,444
Western States: <sup>2/</sup>				
San Francisco-----	2,305	1,770	4,067	4,274
Los Angeles-----	1,128	1,674	1,962	1,343
Washington-----	1,160	1,137	1,624	826
Other customs districts---	286	212	189	99
Total-----	4,879	4,793	7,842	6,542
South Central States:				
Galveston-----	19	-	3,491	4,042
Other customs districts---	-	-	975	746
Total-----	19	-	4,466	4,788
All other areas-----	2,860	521	571	654
Total, all areas <sup>3/</sup> -----	13,506	15,275	25,511	26,429

<sup>1/</sup> Preliminary.

<sup>2/</sup> Includes Alaska.

<sup>3/</sup> Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 19.--U.S. imports for consumption of canned beef, 1/ by principal sources, 1956 and 1958-63

Source	1956	1958	1959	1960	1961	1962	1963
Quantity (1,000 pounds, product weight)							
Argentina-----	64,718	84,601	56,476	46,935	56,046	45,549	75,890
Brazil-----	3,052	10,135	20,317	8,417	13,697	13,417	7,966
Paraguay-----	1,276	8,911	8,751	9,732	10,081	8,167	12,283
Uruguay-----	3,514	9,464	8,911	10,753	14,410	16,117	16,026
Australia-----	108	241	203	680	363	274	168
Other-----	59	85	9	17	637	434	1,030
Total, all sources-----	72,727	113,437	94,667	76,534	95,234	83,958	113,363
Foreign value (1,000 dollars)							
Argentina-----	17,894	22,438	16,257	14,805	19,794	15,328	24,086
Brazil-----	855	2,974	6,489	2,825	5,144	4,500	2,498
Paraguay-----	353	2,438	2,778	3,426	3,711	2,815	3,721
Uruguay-----	1,136	2,753	2,725	3,796	5,367	5,546	4,684
Australia-----	28	64	74	235	167	120	49
Other-----	19	27	4	5	243	192	360
Total, all sources-----	20,285	30,694	28,327	25,092	34,426	28,501	35,398

1/ Includes corned beef.

2/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 20.--U.S. imports for consumption of beef and veal, pickled or cured by principal sources, 1956 and 1958-63

Source	1956	1958	1959	1960	1961	1962 1/	1963 1/
	Quantity (1,000 pounds, product weight)						
Argentina-----	7,871	5,272	6,435	618	337	269	137
Brazil-----	-	700	488	-	262	122	84
Dominican Republic-----	129	83	62	129	164	12	-
Nicaragua-----	-	-	-	-	93	58	71
Costa Rica-----	87	33	10	5	38	-	-
All other-----	217	56	129	186	51	65	2/ 340
Total, all sources-----	8,304	6,144	7,124	938	945	526	632
	Foreign value (1,000 dollars)						
Argentina-----	1,154	907	1,444	317	191	155	81
Brazil-----	-	208	148	-	140	66	48
Dominican Republic-----	71	38	32	77	106	8	-
Nicaragua-----	-	-	-	-	58	34	42
Costa Rica-----	41	18	6	4	24	-	-
All other-----	95	29	49	82	31	44	2/ 196
Total, all sources-----	1,361	1,200	1,679	480	550	307	367

1/ Preliminary.

2/ Includes 105 thousand pounds, valued at 65 thousand dollars, from Guatemala and 76 thousand pounds, valued at 46 thousand dollars, from Haiti.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 21.--U.S. imports for consumption of beef and veal, prepared or preserved, <sup>1/</sup> by principal sources, 1956 and 1958-63

Source	1956	1958	1959	1960	1961	1962 <sup>2/</sup>	1963 <sup>2/</sup>
	Quantity (1,000 pounds, product weight)						
Argentina	4,164	125,373	65,662	3,398	8,430	9,892	8,462
Brazil	100	2,784	15,202	606	2,343	3,667	2,550
Republic of Ireland	10	34	6	9,178	3,351	-	283
Australia	86	525	31	19	1,628	166	230
Mexico	43	1,163	398	64	48	5	40
Uruguay	141	47	4,034	-	-	-	-
Paraguay	-	5,474	5,203	256	-	-	-
Other	107	1,642	523	158	96	118	446
Total, all sources	4,651	137,042	91,059	13,679	15,896	13,848	12,011
	Foreign value (1,000 dollars)						
Argentina	1,496	27,717	17,543	1,456	4,278	5,315	4,381
Brazil	36	597	4,252	301	1,195	1,765	1,288
Republic of Ireland	2	14	1	3,276	1,211	-	169
Australia	40	145	17	14	473	60	103
Mexico	8	459	165	26	15	2	15
Uruguay	61	11	1,136	-	-	-	-
Paraguay	-	1,156	1,417	93	-	-	-
Other	31	588	219	60	46	48	132
Total, all sources	1,674	30,687	24,750	5,226	7,218	7,190	6,088

<sup>1/</sup> Does not include canned beef (i.e., beef in airtight containers) or cured or pickled beef or veal, for which data are reported in tables 19 and 20, respectively.

<sup>2/</sup> Preliminary.

Source: Estimated from official statistics of the U.S. Department

Table 22.--U.S. imports for consumption of canned beef, <sup>1/</sup> by areas and customs districts, specified years 1958 to 1963 \*

(In thousands of pounds, product weight)

Area and customs district	1958	1960	1962 <sup>2/</sup>	1963 <sup>2/</sup>
<b>North Atlantic States:</b>				
New York-----	20,431	15,162	16,431	22,057
Philadelphia-----	9,618	6,818	8,017	9,969
Massachusetts-----	5,991	3,916	2,882	4,259
Other customs districts-----	-	48	575	644
Total-----	36,040	25,944	27,905	36,929
<b>South Atlantic States:</b>				
Maryland-----	7,974	5,154	7,809	9,913
Virginia-----	7,348	5,546	5,558	7,589
Florida-----	7,173	4,309	5,175	6,700
South Carolina-----	3,808	1,842	2,215	2,651
Other customs districts-----	-	36	-	-
Total-----	26,302	16,886	20,758	26,853
<b>South Central States:</b>				
New Orleans-----	20,495	15,134	14,547	19,052
Galveston-----	4,102	2,725	2,170	4,463
Other customs districts-----	1,258	631	1,012	2,136
Total-----	25,855	18,490	17,729	25,651
<b>Western States:</b>				
San Francisco-----	7,499	4,412	5,059	7,046
Los Angeles-----	8,738	4,173	5,678	7,763
Washington-----	2,220	1,207	1,536	1,644
Other customs districts-----	1,816	910	1,078	1,440
Total-----	20,273	10,702	13,351	17,893
<b>All other areas:</b>				
Puerto Rico-----	4,666	3,558	3,147	4,793
Other customs districts-----	301	955	1,067	1,244
Total-----	4,967	4,513	4,214	6,037
Total, all areas <sup>3/</sup> -----	113,437	76,534	83,958	113,363

<sup>1/</sup> Includes corned beef.

<sup>2/</sup> Preliminary.

<sup>3/</sup> Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 23.--Prices of selected classes of cattle at Chicago and Kansas City, annual 1950-63, and by months January 1962-May 1964

Year and month	(Per 100 pounds)			
	Choice	Choice	Cows, Chicago	
	fed steers, Chicago	feeder steers, 500-800 pounds, Kansas City	Cutter	Canner
1950-----	\$29.68	\$29.25	\$16.48	
1951-----	35.96	37.04	20.93	
1952-----	33.18	31.29	16.82	
1953-----	24.14	21.06	10.67	
1954-----	24.66	21.23	9.60	
1955-----	23.16	21.61	10.00	
1956-----	22.30	19.67	10.00	
1957-----	23.83	22.71	12.06	
1958-----	27.42	29.10	16.54	
1959-----	27.83	29.76	16.27	
1960-----	26.24	26.36	\$ 15.00	\$ 13.28
1961-----	24.65	25.86	15.12	13.65
1962 1/-----	27.67	27.00	14.72	13.26
1963 1/-----	23.96	25.78	14.06	12.86
1962: 1/-----				
January-----	26.39	25.34	14.20	12.85
February-----	26.76	26.03	14.87	13.40
March-----	27.31	26.52	15.33	13.88
April-----	27.45	26.68	15.38	13.89
May-----	26.02	26.18	15.39	13.76
June-----	25.25	26.31	15.94	14.35
July-----	26.50	26.87	14.95	13.62
August-----	28.19	27.25	14.80	13.47
September-----	29.85	27.86	14.98	13.59
October-----	29.50	28.05	14.01	12.72
November-----	30.13	28.80	13.54	12.02
December-----	28.91	28.15	13.23	11.60
1963: 1/-----				
January-----	27.27	27.24	13.80	12.48
February-----	24.93	26.48	13.61	12.57
March-----	23.63	26.13	14.42	13.12
April-----	23.77	26.62	14.80	13.58
May-----	22.61	26.00	15.35	14.18
June-----	22.69	26.38	15.30	14.20
July-----	24.72	26.85	14.52	13.50
August-----	24.60	26.31	14.90	13.75
September-----	23.94	25.42	14.19	12.94
October-----	24.03	24.63	13.48	12.11
November-----	23.51	24.19	12.54	11.25
December-----	22.30	23.15	11.79	10.68
1964: 1/-----				
January-----	22.61	23.21	12.14	11.11
February-----	21.34	22.64	12.94	11.82
March-----	21.56	23.32	13.75	12.45
April-----	21.28	22.74	14.07	12.71
May-----	20.52	21.54	13.78	12.62

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 24.--Prices received by farmers, parity prices, and parity ratios for beef cattle and calves, and parity ratios for all farm products, 1950-63

Year	Beef cattle				Calves				Parity ratio, all farm products <sup>1/</sup>
	Average price received by farmers	Average parity price	Parity ratio (price received as percent of parity price)	Average price received by farmers	Average parity price	Parity ratio (price received as percent of parity price)	Parity ratio, all farm products <sup>1/</sup>		
	Per 100 pounds	Per 100 pounds		Per 100 pounds	Per 100 pounds				
1950	\$23.10	\$17.40	133	\$26.00	\$19.50	134	102		
1951	28.80	19.70	146	32.10	22.10	146	108		
1952	24.80	21.00	118	27.20	23.50	115	101		
1953	16.60	21.00	79	17.60	23.40	75	93		
1954	16.00	21.10	76	16.70	23.30	72	89		
1955	15.80	21.20	74	16.80	23.30	72	85		
1956	15.00	21.60	69	16.10	23.60	68	84		
1957	17.20	22.40	77	18.60	24.60	76	85		
1958	22.00	23.20	95	25.00	25.60	98	88		
1959	22.70	23.10	98	27.00	25.50	106	82		
1960	20.40	23.60	86	23.30	26.20	89	81		
1961	20.20	23.70	85	23.70	26.20	90	83		
1962	21.30	23.60	90	25.00	26.20	95	83		
1963	19.80	24.00	82	24.30	27.00	90	81		

<sup>1/</sup> The parity ratio is a composite measure of the purchasing power of all farm products in terms of the things farmers buy. The parity ratios reported here have been adjusted for the Government payments made directly to farmers. (See U.S. Department of Agriculture, Statistical Reporting Service, Agricultural Prices, January 1964, p. 48.)

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 25.--Prices for Choice steer beef and Choice fed steers at Chicago, and selected price indexes, 1950-63

Year	Price per 100 pounds for--		Selected price indexes (1953-57=100)			
	Choice steer beef 1/	Choice fed steers	Meat	Livestock	Choice fed steers	All livestock and poultry
1950	\$46.52	\$29.68	118	115	126	123
1951	56.30	35.96	143	132	152	146
1952	53.21	33.18	135	122	140	128
1953	39.98	24.14	102	105	102	110
1954	40.10	24.66	102	104	104	107
1955	39.24	23.16	100	96	98	95
1956	37.89	22.30	96	92	94	89
1957	39.38	23.83	100	104	101	100
1958	45.05	27.42	115	120	116	116
1959	45.24	27.83	115	111	118	106
1960	43.98	26.24	112	109	111	103
1961	41.14	24.65	105	106	104	99
1962	44.84	27.67	114	111	117	103
1963 2/	40.83	23.96	104	104	101	95

1/ Carcass beef, f.o.b. Chicago; less than carlots.

2/ Preliminary.

Source. Price data compiled from official statistics of the U.S. Department of Agriculture; indexes compiled from official statistics of the U.S. Department of Agriculture and the U.S. Bureau of Labor Statistics.

Table 26.--U.S. farm income from cattle and calves and from all farm operations, 1950-63

(In billions of dollars)

Year	Cattle and calves			All farm operations		
	Gross income <sup>1/</sup> (1)	Cost of inshipments <sup>2/</sup> (2)	Gross income less inshipments <sup>3/</sup> (3)	Gross realized income <sup>4/</sup> (4)	All production expenses <sup>5/</sup> (5)	Net realized income (6)
1950--	5.8	1.6	4.2	32.5	19.3	13.2
1951--	7.1	2.0	5.1	37.3	22.2	15.1
1952--	6.3	1.5	4.8	37.0	22.6	14.4
1953--	5.0	.9	4.1	35.3	21.4	13.9
1954--	5.2	1.1	4.1	33.9	21.7	12.2
1955--	5.4	1.1	4.3	33.3	21.9	11.4
1956--	5.5	1.1	4.4	34.6	22.6	12.0
1957--	6.1	1.5	4.6	34.4	23.4	11.0
1958--	7.5	2.2	5.3	37.9	25.3	12.6
1959--	8.0	2.2	5.8	37.5	26.2	11.3
1960--	7.5	2.0	5.5	37.9	26.2	11.7
1961--	7.7	2.3	5.4	39.6	27.1	12.5
1962--	8.3	2.6	5.7	40.8	28.2	12.6
1963--	8.2	2.4	5.8	41.1	28.8	12.3

<sup>1/</sup> Total cash receipts from sales of cattle, calves, beef, and veal plus value of cattle and calves slaughtered for home consumption. No adjustments have been made for changes in inventory.

<sup>2/</sup> Cost of cattle and calves shipped in from other States and from central markets; does not include intra-State shipments.

<sup>3/</sup> Assumes all the inshipments to be feeder cattle and calves.

<sup>4/</sup> Total cash receipts from farming plus Government payments, the value of home consumption, and rent. No adjustment made for changes in inventory.

<sup>5/</sup> Includes livestock purchases.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 27.---Receipts, expenses, and income of "typical" cattle-producing farms and ranches in the United States, 1947-63

Year	Hog-beef-fattening farm, Corn Belt										Intermountain cattle ranch									
	Receipts					Net farm income					Receipts					Net ranch income				
	Cattle	Other 1/	Total	cash ex- penses 2/	Total	Actual	In constant purchasing power 3/	Cattle	Other 1/	Total	Total	cash ex- penses 2/	Total	Actual	In constant purchasing power 3/					
1947	\$9,541	\$10,096	\$19,637	\$10,172	\$9,465	\$11,846	\$9,219	\$1,942	\$11,161	\$2,375	\$8,786	\$10,996	\$10,996							
1948	9,561	11,163	20,724	7,710	13,014	15,028	10,852	1,740	12,592	2,176	10,416	12,028	12,028							
1949	9,943	8,294	18,237	9,686	8,551	10,228	10,474	1,426	11,900	5,195	6,705	8,020	8,020							
1950	12,117	8,059	20,176	10,183	9,993	11,715	12,987	1,093	14,080	4,852	9,228	10,818	10,818							
1951	13,705	8,603	22,308	12,114	10,194	10,856	12,708	1,819	14,557	77	14,480	15,421	15,421							
1952	13,044	9,365	22,409	14,180	8,229	8,608	13,223	1,354	14,577	3,607	10,970	11,475	11,475							
1953	11,858	8,471	20,329	13,790	6,539	7,084	9,171	973	10,144	4,821	5,323	5,767	5,767							
1954	10,585	8,227	18,812	10,599	8,213	8,869	8,664	948	9,612	5,126	4,486	4,844	4,844							
1955	10,238	6,697	16,935	12,974	3,961	4,315	8,804	896	9,700	5,077	4,623	5,036	5,036							
1956	11,897	6,752	18,649	12,679	5,970	6,447	10,156	921	11,077	5,359	5,718	6,175	6,175							
1957	10,779	7,956	18,735	11,001	7,734	8,090	12,852	922	13,804	5,457	8,347	8,731	8,731							
1958	13,032	9,402	22,434	12,491	9,943	10,156	16,067	1,004	17,071	3,960	13,111	13,392	13,392							
1959	16,444	7,627	24,071	17,480	6,591	6,637	16,741	998	17,739	5,192	12,547	12,635	12,635							
1960	14,975	8,690	23,665	17,808	5,857	5,863	16,023	1,001	17,024	8,313	8,711	8,720	8,720							
1961	16,868	9,451	26,319	18,926	7,393	7,349	15,319	1,040	16,359	6,361	9,998	9,938	9,938							
1962 1/2	23,527	9,618	33,145	22,623	10,522	10,285	17,276	843	18,119	6,183	11,936	11,668	11,668							
1963 1/2	20,517	9,606	30,123	26,449	3,674	3,536	15,848	851	16,699	6,861	9,838	9,469	9,469							

See footnotes at end of table.

Table 27.—Receipts, expenses, and income of "typical" cattle-producing farms and ranches in the United States, 1947-63—Continued

Year	Northern plains cattle ranch					Southwest cattle ranch				
	Receipts		Total	Net ranch income		Receipts		Total	Net ranch income	
	Cattle	Other 1/	Total	Actual	In constant purchasing power 3/	Cattle	Other 1/	Total	Actual	In constant purchasing power 3/
1947	\$9,280	\$5,371	\$14,651	\$7,955	\$9,956	\$11,040	\$1,181	\$12,221	\$4,096	\$5,126
1948	7,973	3,186	11,159	7,824	9,035	12,996	1,181	14,177	6,292	7,266
1949	7,360	2,639	9,999	3,024	3,617	11,627	1,068	12,695	6,420	7,679
1950	7,360	2,898	10,258	5,087	5,964	14,868	1,183	16,051	9,310	10,914
1951	11,716	3,458	15,174	9,804	10,441	17,730	1,469	19,199	9,093	9,684
1952	7,852	5,067	12,919	6,470	6,768	11,279	1,615	12,894	1,147	1,200
1953	5,442	5,333	10,775	4,303	4,662	8,751	1,274	10,025	- 840	- 910
1954	6,202	3,934	10,136	3,765	4,066	9,564	1,237	10,801	667	720
1955	5,819	3,829	9,648	2,830	3,073	9,335	1,573	10,908	2,874	3,131
1956	6,103	3,890	9,993	2,140	2,311	7,953	1,260	9,213	- 813	- 878
1957	6,410	3,443	9,853	4,163	4,355	10,971	1,482	12,453	4,825	5,047
1958	8,516	3,443	11,959	6,423	6,561	12,133	1,600	13,733	9,421	9,421
1959	8,564	3,559	12,123	5,170	5,206	15,105	1,514	16,619	8,318	8,377
1960	8,347	2,796	11,143	4,980	4,985	14,660	2,071	16,731	7,475	7,482
1961	11,840	3,165	15,005	8,728	8,240	14,776	1,589	16,365	8,167	8,118
1962 4/-	9,209	2,436	11,645	7,252	7,089	16,075	1,278	17,353	8,237	8,052
1963 4/-	7,960	3,124	11,084	7,540	7,257	12,077	1,343	13,420	5,081	4,890

1/ Includes perquisites.

2/ Includes inventory changes.

3/ Actual income adjusted for changes in the index of prices paid by farmers (1958-62=100).

4/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 28.--U.S. rates of duty in the Tariff Schedules of the United States (TSUS) for cattle, beef, and beef products, effective Aug. 31, 1963

TSUS No.	Reference number (in table 29)	Description	Rate of duty 1/	
			1	2
100.01 (part)	1	Animals certified to the collector of customs by the Department of Agriculture as being pure bred of a recognized breed and duly registered in a book of record recognized by the Secretary of Agriculture for that breed, imported by a citizen or agency of the United States specially for breeding purposes, whether intended to be used by the importer himself or for sale for such purposes: Cattle-----	Free	Free.
100.40	7	Weighing under 200 pounds each: For not over 200,000 head entered in the 12-month period beginning Apr. 1 in any year.	1.5¢ per lb.	2.5¢ per lb.
100.43	8	Other-----	2.5¢ per lb.	2.5¢ per lb.
100.45	9	Weighing 200 pounds or more but under 700 pounds each.	2.5¢ per lb.	2.5¢ per lb.
100.50	12	Weighing 700 pounds or more each: Cows imported specially for dairy purposes-- Other:	1.5¢ per lb.	3¢ per lb.
100.53	18	For not over 400,000 head entered in the 12-month period beginning Apr. 1 in any year, of which not over 120,000 shall be entered in any quarter beginning Apr. 1, July 1, Oct. 1, or Jan. 1.	1.5¢ per lb.	3¢ per lb.
100.55	19	Other-----	2.5¢ per lb.	3¢ per lb.
106.10 (part)	21	Meats of cattle (except meat offal), fresh, chilled, or frozen. Sausages, whether or not in airtight containers:	3¢ per lb.	6¢ per lb.
107.20	25	Beef in airtight containers-----	15% ad val.	30% ad val.
107.25 (part)	29	Other (beef sausages not in airtight containers). Beef and veal, prepared or preserved (except sausages): Beef or veal, cured or pickled:	10% ad val.	20% ad val.
107.40	27	Valued not over 30 cents per pound-----	3¢ per lb.	4.5¢ per lb.
107.45	27	Valued over 30 cents per pound-----	10% ad val.	30% ad val.
107.50	25	Beef in airtight containers----- Other:	15% ad val.	30% ad val.
107.55	23 and 29	Valued not over 30 cents per pound-----	3¢ per lb.	6¢ per lb.
107.60	23 and 29	Valued over 30 cents per pound-----	10% ad val.	20% ad val.

1/ The rates in col. 1 apply to all products except (a) Philippine articles, which receive preferential treatment, (b) products of most Communist-controlled countries, which are dutiable at the rates shown in col. 2, and (c) certain products of insular possessions.

Table 29.--U.S. rates of duty under the Tariff Act of 1930 for cattle, beef, and beef products, June 18, 1930-Aug. 30, 1963

Tariff paragraph and description	Statutory rate, effective June 18, 1930	Trade-agreement modification			Rate reference No.
		Effective dates	Negotiating partner	Rate	
Par. 1606(a): Cattle for breeding purposes.	Free subject to the special provisions of par. 1606(a).	Jan. 1, 1939, to Dec. 31, 1947.	Canada	Free subject to the provisions of par. 1606(a).	1
		Jan. 30, 1943, to Dec. 31, 1950.	Mexico	Do.	
		Jan. 1, 1948 1/	Canada (GATT)	Do.	
Par. 701: Other cattle:					
Weighing less than 175 pounds each.	2.5¢ per lb.	Jan. 1, 1936, to Dec. 31, 1938.	Canada	1.5¢ per lb. for not over 51,933 head per calendar year.	2
Weighing less than 200 pounds each.	-----do-----	Jan. 1, 1939, to Jan. 29, 1943.	-----do-----	1.5¢ per lb. for not over 100,000 head per calendar year.	3
				2.5¢ per lb. for other entries.	4
		Jan. 30, 1943, to Dec. 31, 1950.	Mexico	1.5¢ per lb. for all entries. 2/	5
		Jan. 1, 1948, to Mar. 31, 1953.	Canada (GATT)	Do. 2/	6
		Apr. 1, 1953 1/	-----do-----	1.5¢ per lb. for not over 200,000 head entered in the 12-month period beginning Apr. 1 in any year.	7
				2.5¢ per lb. for other entries.	8
Weighing 200 pounds or more but less than 700 pounds each.	-----do-----	Jan. 30, 1943, to Dec. 31, 1950.	Mexico	1.5¢ per lb. for all entries. 3/	9
Weighing 700 pounds or more each:					
Cows imported specially for dairy purposes.	3¢ per lb.	Jan. 1, 1936, to Dec. 31, 1938.	Canada	1.5¢ per lb. for not over 20,000 head per calendar year.	10
		Jan. 1, 1939, to Dec. 31, 1947.	-----do-----	1.5¢ per lb. for all entries.	11
		Jan. 1, 1948 1/	Canada (GATT)	Do. 2/	12
Other	-----do-----	Jan. 1, 1936, to Dec. 31, 1938.	Canada	2¢ per lb. for not over 155,799 head per calendar year.	13
		Jan. 1, 1939, to Jan. 29, 1943.	-----do-----	1.5¢ per lb. for not over 60,000 head per calendar quarter year but not over 225,000 per calendar year.	14
				3¢ per lb. for other entries.	15

See footnotes at end of table.

Table 2A--U.S. rates of duty under the Tariff Act of 1930 for cattle, beef, and beef products, June 18, 1930-Aug. 30, 1963--Continued

Tariff paragraph and description	Statutory rate, effective June 18, 1930	Trade-agreement modification			Rate reference No.
		Effective dates	Negotiating partner	Rate	
Par. 701--Continued Other cattle--Con. Weighing 700 pounds or more each--Continued Other--Con.	3¢ per lb.	Jan. 30, 1943, to Dec. 31, 1950. Jan. 1, 1948, to Mar. 31, 1953. Apr. 1, 1953 1/	Mexico Canada (GATT) -----do-----	1.5¢ per lb. for all entries. 2/ Do. 2/ 1.5¢ per lb. for not over 400,000 head entered in the 12-month period beginning Apr. 1 in any year, of which not over 120,000 head shall be entered in any 3-month period beginning Apr. 1, July 1, Oct. 1, or Jan. 1. 2.5¢ per lb. for other entries.	16 17 18
Par. 701: Beef and veal, fresh, chilled, or frozen.	6¢ per lb.	Jan. 5, 1942, to Dec. 31, 1947. Jan. 1, 1948 1/	Cuba Australia, New Zealand, Cuba (GATT).	3¢ per lb. for products of Cuba. 4/ 3¢ per lb. for all entries. 5/	20 21
Par. 706: Meats, prepared or preserved, not specially provided for:					
Pastes of beef (except liver paste), packed in airtight containers weighing with their contents not more than 3 ounces each.	6¢ per lb., but not less than 20% ad val.	Jan. 1, 1939, to Dec. 31, 1947. Jan. 1, 1948 1/	United Kingdom United Kingdom (GATT)	6¢ per lb., but not less than 10% ad val. 3¢ per lb., but not less than 10% ad val.	22 23
Beef (including sausages) packed in airtight containers.	-----do-----	Nov. 15, 1941, to Feb. 27, 1959. Feb. 28, 1959 1/	Argentina, Uruguay, 6/ Paraguay. 7/ Uruguay (GATT)	3¢ per lb., but not less than 20% ad val. 3¢ per lb., but not less than 15% ad val.	24 25
Beef or veal, cured or pickled.	-----do-----	Nov. 15, 1941, to Feb. 27, 1959. Feb. 28, 1959 1/	Argentina, Uruguay, 6/ Paraguay. 7/ Uruguay (GATT)	3¢ per lb., but not less than 20% ad val. 3¢ per lb., but not less than 10% ad val.	26 27

See footnotes at end of table.

Table 29.—U.S. rates of duty under the Tariff Act of 1930 for cattle, beef, and beef products, June 18, 1930-Aug. 30, 1963--Continued

Tariff paragraph and description	Statutory rate, effective June 18, 1930	Trade-agreement modification			Rate reference No.
		Effective dates	Negotiating partner	Rate	
Par. 706--Continued					
Meats, prepared or preserved, not specially provided for--Continued					
Other beef or veal.	6¢ per lb., but not less than 20% ad val.	Nov. 15, 1941, to Dec. 31, 1947.	Argentina, Uruguay, 6/ Paraguay, 7/	3¢ per lb., but not less than 20% ad val.	28
		Jan. 1, 1948 1/	Canada (GATT), Uruguay (GATT). 8/	3¢ per lb., but not less than 10% ad val.	29

1/ The concession effective on this date is reflected in the Tariff Schedules of the United States that became effective Aug. 31, 1963; see in table 28 the col. 1 rate or rates identified by the rate reference numbers shown in this table.

2/ The agreement with Mexico, which was terminated as of Jan. 1, 1951, provided for the restoration of the tariff quota in the 1939 agreement with Canada (see rate No. 3 or No. 14), to become effective 30 days after the President of the United States (following the termination of the unlimited national emergency proclaimed on May 27, 1941) proclaimed the abnormal situation in respect of cattle and meat terminated. The concession to Canada in the GATT, effective Jan. 1, 1948, however, provided a larger tariff quota (see rate No. 7 or No. 18) to become operative under the same conditions provided in the agreement with Mexico. The President proclaimed the termination of the unlimited national emergency effective Apr. 28, 1952 (Proclamation No. 2974; 3 CFR, 1949-1953 Comp., 158), and proclaimed on Mar. 2, 1953, the termination of the abnormal situation in respect of cattle and meat, making the quota proviso in the concession to Canada effective Apr. 1, 1953 (Proclamation No. 3007; 3 CFR, 1949-1953 Comp., 183).

3/ The agreement with Mexico provided a tariff quota to become effective under specified conditions (see footnote 2 above). That tariff quota--1.5 cents per pound for not over 110,000 head per calendar quarter and not over 400,000 head per calendar year--was never applicable. The statutory rate of 2.5 cents per pound was restored for all entries effective Jan. 1, 1951, following termination of the agreement with Mexico.

4/ From June 17, 1930, to Jan. 4, 1942, inclusive, these products of Cuba were dutiable at 4.8 cents per pound, a rate 20 percent below the rate applicable to products of other foreign countries. Such preferential treatment for Cuban products was in accordance with the policy of the Commercial Convention of 1902 between the United States and Cuba and with the provisions of the trade agreement between those two countries effective Sept. 3, 1934.

5/ Entries from Cuba were prohibited effective Feb. 7, 1962 (Proclamation No. 3447; 3 CFR, 1962 Supp., 26).

6/ Trade agreement with Uruguay, effective Jan. 1, 1943, to Dec. 28, 1953.

7/ Trade agreement with Paraguay, effective Apr. 9, 1947, terminated as of June 26, 1963.

8/ Concession initially negotiated with Uruguay under the GATT, effective Feb. 28, 1959.

## Appendix C

## Tax Treatment of Breeder Livestock

Pursuant to an amendment of the Internal Revenue Code in 1951, livestock raised as breeding animals are accorded income tax treatment similar to that given depreciable capital assets. <sup>1/</sup> To qualify for such tax treatment, an animal must (1) be held for at least 12 months and (2) be held as a present or future member of a breeding herd. A sale of such qualifying livestock gives rise to capital gains, whereas a sale of livestock that does not qualify results in ordinary income.

As observed in the chapter on U.S. production, the long-term trend in the number of cattle and calves on farms has been upward and has been characterized by strong short-term cyclical patterns. There is no evidence that the tax benefits with regard to breeder livestock have significantly influenced the number of cattle on farms. Certainly any effect the tax benefits might have had was far overshadowed by such developments as the improvement in living standards, the growth in population, the large increase in the per capita consumption of beef, and the escalation of beef prices. The tax benefit has obviously been of considerable importance in determining profit and loss for individual cattlemen,

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<sup>1/</sup> Livestock was specifically excepted from a 1962 amendment to sec. 1245 of the Internal Revenue Code which had the general effect of reducing the portion of the sales value of a capital asset that is treated as capital gain and of increasing the portion that is treated as ordinary income.

particularly those who maintain breeding herds and also sell breeding stock of yearling age or older. According to the U.S. Treasury Department, in 1959--the latest year for which figures are available--net capital gains totaling \$701 million were realized on the sale of breeder livestock. The information available, however, does not show how much of this total was attributable to sales of beef cattle and calves, how much was accounted for by sales of dairy cattle, and how much resulted from the sale of other animals, such as horses, sheep, hogs, goats, and mink.

In his 1963 tax message to the Congress, the President noted that the prevailing tax treatment of breeder livestock as depreciable assets encouraged certain people with high-bracket nonfarm incomes, who were not normally engaged in cattle raising, to enter this business largely because of tax advantages in their particular personal situations. <sup>1/</sup> An investor, for example, may purchase breeding livestock and deduct the expenses attributable to their care and maintenance, as well as depreciation on the cost of the herd. These deductions offset the taxpayer's high-bracket non-farm income. Later, the herd may be sold, any profits being taxed at the capital-gain rate. Even though the investor may have recorded no profit from the transaction computed before taxes, or may even have suffered a sizable loss, the difference in the rate of tax on high-bracket ordinary income and that on capital-gain income

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<sup>1/</sup> President's 1963 Tax Message Along with Principal Statement, Technical Explanation.....Hearings Conducted by the Committee on Ways and Means....., Feb. 6, 1963, pp. 138-140, 445-452.

makes possible a substantial increase in the investor's total after-tax income. Persons with high-bracket nonfarm income can undertake such ventures simply by enlisting the services of cattle-management firms. Such concerns are engaged in raising breeder cattle owned by outside investors; for a fee they handle all details of the transaction, including the purchase and sale of livestock, their maintenance and care, and all necessary record keeping.

To reduce the tax advantages that investors might obtain by engaging in the breeder-cattle business, the President recommended two changes in the Internal Revenue Code. The first proposed that the gain from the sale of breeder livestock be treated as ordinary income to the extent that such gain may be attributable to farm deductions allowable as an offset to high-bracket nonfarm income. The second would remove the exception for livestock under section 1245 of the Code; this change would reduce the capital gain resulting from the sale of livestock by the amount of depreciation taken after 1962. Neither of these proposed changes was included in the 1963 tax law enacted by the Congress.

The Commission did not conduct a survey of the personal considerations that motivate people to undertake cattle raising, such as the quest for a tax shelter. However, no information has come to the attention of the Commission which indicates that the current tax treatment, by itself, has significantly affected the total supply or prices of beef and beef products in the U.S. market.

